

## OFFSHORE ENERGY AND JOBS ACT

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JUNE 24, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HASTINGS of Washington, from the Committee on Natural Resources, submitted the following

### R E P O R T

together with

### DISSENTING VIEWS

[To accompany H.R. 2231]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 2231) to amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Offshore Energy and Jobs Act”.

#### SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

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- Sec. 401. Establishment of Under Secretary for Energy, Lands, and Minerals and Assistant Secretary of Ocean Energy and Safety.
- Sec. 402. Bureau of Ocean Energy.
- Sec. 403. Ocean Energy Safety Service.
- Sec. 404. Office of Natural Resources revenue.
- Sec. 405. Ethics and drug testing.
- Sec. 406. Abolishment of Minerals Management Service.
- Sec. 407. Conforming amendments to Executive Schedule pay rates.
- Sec. 408. Outer Continental Shelf Energy Safety Advisory Board.
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TITLE V—UNITED STATES TERRITORIES

- Sec. 501. Application of Outer Continental Shelf Lands Act with respect to territories of the United States.

## TITLE I—OUTER CONTINENTAL SHELF LEASING PROGRAM REFORMS

**SEC. 101. OUTER CONTINENTAL SHELF LEASING PROGRAM REFORMS.**

Section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) is amended by adding at the end the following:

“(5)(A) In each oil and gas leasing program under this section, the Secretary shall make available for leasing and conduct lease sales including at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (on a total btu basis) based upon the most recent national geologic assessment of the outer Continental Shelf, with an emphasis on offering the most geologically prospective parts of the planning area.

“(B) The Secretary shall include in each proposed oil and gas leasing program under this section any State subdivision of an outer Continental Shelf planning area that the Governor of the State that represents that subdivision requests be made available for leasing. The Secretary may not remove such a subdivision from the program until publication of the final program.

“(C) In this paragraph the term ‘available unleased acreage’ means that portion of the outer Continental Shelf that is not under lease at the time of a proposed lease sale, and that has not otherwise been made unavailable for leasing by law.

“(6)(A) In the 5-year oil and gas leasing program, the Secretary shall make available for leasing any outer Continental Shelf planning areas that—

“(i) are estimated to contain more than 2,500,000,000 barrels of oil; or

“(ii) are estimated to contain more than 7,500,000,000,000 cubic feet of natural gas.

“(B) To determine the planning areas described in subparagraph (A), the Secretary shall use the document entitled ‘Minerals Management Service Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation’s Outer Continental Shelf, 2006’.”.

**SEC. 102. DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.**

Section 18(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(b)) is amended to read as follows:

“(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.—

“(1) IN GENERAL.—In developing a 5-year oil and gas leasing program, and subject to paragraph (2), the Secretary shall determine a domestic strategic production goal for the development of oil and natural gas as a result of that program. Such goal shall be—

“(A) the best estimate of the possible increase in domestic production of oil and natural gas from the outer Continental Shelf;

“(B) focused on meeting domestic demand for oil and natural gas and reducing the dependence of the United States on foreign energy; and

“(C) focused on the production increases achieved by the leasing program at the end of the 15-year period beginning on the effective date of the program.

“(2) PROGRAM GOAL.—For purposes of the 5-year oil and gas leasing program, the production goal referred to in paragraph (1) shall be an increase by 2032 of—

“(A) no less than 3,000,000 barrels in the amount of oil produced per day; and

“(B) no less than 10,000,000,000 cubic feet in the amount of natural gas produced per day.

“(3) REPORTING.—The Secretary shall report annually, beginning at the end of the 5-year period for which the program applies, to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate on the progress of the program in meeting the production goal. The Secretary shall identify in the report projections for production and any problems with leasing, permitting, or production that will prevent meeting the goal.”.

#### **SEC. 103. DEVELOPMENT AND SUBMITTAL OF NEW 5-YEAR OIL AND GAS LEASING PROGRAM.**

(a) IN GENERAL.—The Secretary of the Interior shall—

(1) by not later than July 15, 2014, publish and submit to Congress a new proposed oil and gas leasing program under section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) for the 5-year period beginning on such date and ending July 15, 2020; and

(2) by not later than July 15, 2015, approve a final oil and gas leasing program under such section for such period.

(b) CONSIDERATION OF ALL AREAS.—In preparing such program the Secretary shall include consideration of areas of the Continental Shelf off the coasts of all States (as such term is defined in section 2 of that Act, as amended by this Act), that are subject to leasing under this Act.

(c) TECHNICAL CORRECTION.—Section 18(d)(3) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(d)(3)) is amended by striking “or after eighteen months following the date of enactment of this section, whichever first occurs,”.

## **TITLE II—DIRECTING THE PRESIDENT TO CONDUCT NEW OCS SALES IN VIRGINIA, SOUTH CAROLINA, AND CALIFORNIA**

#### **SEC. 201. REQUIREMENT TO CONDUCT PROPOSED OIL AND GAS LEASE SALE 220 ON THE OUTER CONTINENTAL SHELF OFFSHORE VIRGINIA.**

(a) IN GENERAL.—Notwithstanding the exclusion of Lease Sale 220 in the Final Outer Continental Shelf Oil & Gas Leasing Program 2012–2017, the Secretary of the Interior shall conduct offshore oil and gas Lease Sale 220 under section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) as soon as practicable, but not later than one year after the date of enactment of this Act.

(b) REQUIREMENT TO MAKE REPLACEMENT LEASE BLOCKS AVAILABLE.—For each lease block in a proposed lease sale under this section for which the Secretary of Defense, in consultation with the Secretary of the Interior, under the Memorandum of Agreement referred to in section 205(b), issues a statement proposing deferral from a lease offering due to defense-related activities that are irreconcilable with mineral exploration and development, the Secretary of the Interior, in consultation with the Secretary of Defense, shall make available in the same lease sale one other lease block in the Virginia lease sale planning area that is acceptable for oil and gas exploration and production in order to mitigate conflict.

(c) BALANCING MILITARY AND ENERGY PRODUCTION GOALS.—In recognition that the Outer Continental Shelf oil and gas leasing program and the domestic energy resources produced therefrom are integral to national security, the Secretary of the Interior and the Secretary of Defense shall work jointly in implementing this section in order to ensure achievement of the following common goals:

(1) Preserving the ability of the Armed Forces of the United States to maintain an optimum state of readiness through their continued use of the Outer Continental Shelf.

(2) Allowing effective exploration, development, and production of our Nation’s oil, gas, and renewable energy resources.

(d) DEFINITIONS.—In this section:

(1) LEASE SALE 220.—The term “Lease Sale 220” means such lease sale referred to in the Request for Comments on the Draft Proposed 5-Year Outer Con-

tinental Shelf (OCS) Oil and Gas Leasing Program for 2010–2015 and Notice of Intent To Prepare an Environmental Impact Statement (EIS) for the Proposed 5-Year Program published January 21, 2009 (74 Fed. Reg. 3631).

(2) VIRGINIA LEASE SALE PLANNING AREA.—The term “Virginia lease sale planning area” means the area of the outer Continental Shelf (as that term is defined in the Outer Continental Shelf Lands Act (33 U.S.C. 1331 et seq.)) that is bounded by—

(A) a northern boundary consisting of a straight line extending from the northernmost point of Virginia’s seaward boundary to the point on the seaward boundary of the United States exclusive economic zone located at 37 degrees 17 minutes 1 second North latitude, 71 degrees 5 minutes 16 seconds West longitude; and

(B) a southern boundary consisting of a straight line extending from the southernmost point of Virginia’s seaward boundary to the point on the seaward boundary of the United States exclusive economic zone located at 36 degrees 31 minutes 58 seconds North latitude, 71 degrees 30 minutes 1 second West longitude.

#### SEC. 202. SOUTH CAROLINA LEASE SALE.

Notwithstanding inclusion of the South Atlantic Outer Continental Shelf Planning Area in the Final Outer Continental Shelf Oil & Gas Leasing Program 2012–2017, the Secretary of the Interior shall conduct a lease sale not later than 2 years after the date of the enactment of this Act for areas off the coast of South Carolina determined by the Secretary to have the most geologically promising hydrocarbon resources and constituting not less than 25 percent of the leasable area within the South Carolina offshore administrative boundaries depicted in the notice entitled “Federal Outer Continental Shelf (OCS) Administrative Boundaries Extending from the Submerged Lands Act Boundary seaward to the Limit of the United States Outer Continental Shelf”, published January 3, 2006 (71 Fed. Reg. 127).

#### SEC. 203. SOUTHERN CALIFORNIA EXISTING INFRASTRUCTURE LEASE SALE.

(a) IN GENERAL.—The Secretary of the Interior shall offer for sale leases of tracts in the Santa Maria and Santa Barbara/Ventura Basins of the Southern California OCS Planning Area as soon as practicable, but not later than December 31, 2014.

(b) USE OF EXISTING STRUCTURES OR ONSHORE-BASED DRILLING.—The Secretary of the Interior shall include in leases offered for sale under this lease sale such terms and conditions as are necessary to require that development and production may occur only from offshore infrastructure in existence on the date of the enactment of this Act or from onshore-based, extended-reach drilling.

#### SEC. 204. ENVIRONMENTAL IMPACT STATEMENT REQUIREMENT.

(a) IN GENERAL.—For the purposes of this Act, the Secretary of the Interior shall prepare a multisale environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) for all lease sales required under this title.

(b) ACTIONS TO BE CONSIDERED.—Notwithstanding section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332), in such statement—

(1) the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such alternative courses of action; and

(2) the Secretary shall only—

(A) identify a preferred action for leasing and not more than one alternative leasing proposal; and

(B) analyze the environmental effects and potential mitigation measures for such preferred action and such alternative leasing proposal.

#### SEC. 205. NATIONAL DEFENSE.

(a) NATIONAL DEFENSE AREAS.—This Act does not affect the existing authority of the Secretary of Defense, with the approval of the President, to designate national defense areas on the Outer Continental Shelf pursuant to section 12(d) of the Outer Continental Shelf Lands Act (43 U.S.C. 1341(d)).

(b) PROHIBITION ON CONFLICTS WITH MILITARY OPERATIONS.—No person may engage in any exploration, development, or production of oil or natural gas on the Outer Continental Shelf under a lease issued under this Act that would conflict with any military operation, as determined in accordance with the Memorandum of Agreement between the Department of Defense and the Department of the Interior on Mutual Concerns on the Outer Continental Shelf signed July 20, 1983, and any revision or replacement for that agreement that is agreed to by the Secretary of Defense and the Secretary of the Interior after that date but before the date of issuance of the lease under which such exploration, development, or production is conducted.

**SEC. 206. EASTERN GULF OF MEXICO NOT INCLUDED.**

Nothing in this Act affects restrictions on oil and gas leasing under the Gulf of Mexico Energy Security Act of 2006 (title I of division C of Public Law 109–432; 43 U.S.C. 1331 note).

## **TITLE III—EQUITABLE SHARING OF OUTER CONTINENTAL SHELF REVENUES**

**SEC. 301. DISPOSITION OF OUTER CONTINENTAL SHELF REVENUES TO COASTAL STATES.**

(a) **IN GENERAL.**—Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended—

(1) in the existing text—

(A) in the first sentence, by striking “All rentals,” and inserting the following:

“(c) **DISPOSITION OF REVENUE UNDER OLD LEASES.**—All rentals,”; and

(B) in subsection (c) (as designated by the amendment made by subparagraph (A) of this paragraph), by striking “for the period from June 5, 1950, to date, and thereafter” and inserting “in the period beginning June 5, 1950, and ending on the date of enactment of the Offshore Energy and Jobs Act”;

(2) by adding after subsection (c) (as so designated) the following:

“(d) **DEFINITIONS.**—In this section:

“(1) **COASTAL STATE.**—The term ‘coastal State’ includes a territory of the United States.

“(2) **NEW LEASING REVENUES.**—The term ‘new leasing revenues’—

“(A) means amounts received by the United States as bonuses, rents, and royalties under leases for oil and gas, wind, tidal, or other energy exploration, development, and production on new areas of the outer Continental Shelf that are authorized to be made available for leasing as a result of enactment of the Offshore Energy and Jobs Act and leasing under that Act; and

“(B) does not include amounts received by the United States under any lease of an area located in the boundaries of the Central Gulf of Mexico and Western Gulf of Mexico Outer Continental Shelf Planning Areas on the date of enactment of the Offshore Energy and Jobs Act, including a lease issued before, on, or after such date of enactment.”; and

(3) by inserting before subsection (c) (as so designated) the following:

“(a) **PAYMENT OF NEW LEASING REVENUES TO COASTAL STATES.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), of the amount of new leasing revenues received by the United States each fiscal year, 37.5 percent shall be allocated and paid in accordance with subsection (b) to coastal States that are affected States with respect to the leases under which those revenues are received by the United States.

“(2) **PHASE-IN.**—

“(A) **IN GENERAL.**—Except as provided in subparagraph (B), paragraph (1) shall be applied—

“(i) with respect to new leasing revenues under leases awarded under the first leasing program under section 18(a) that takes effect after the date of enactment of the Offshore Energy and Jobs Act, by substituting ‘12.5 percent’ for ‘37.5 percent’; and

“(ii) with respect to new leasing revenues under leases awarded under the second leasing program under section 18(a) that takes effect after the date of enactment of the Offshore Energy and Jobs Act, by substituting ‘25 percent’ for ‘37.5 percent’.

“(B) **EXEMPTED LEASE SALES.**—This paragraph shall not apply with respect to any lease issued under title II of the Offshore Energy and Jobs Act.

“(b) **ALLOCATION OF PAYMENTS.**—

“(1) **IN GENERAL.**—The amount of new leasing revenues received by the United States with respect to a leased tract that are required to be paid to coastal States in accordance with this subsection each fiscal year shall be allocated among and paid to coastal States that are within 200 miles of the leased tract, in amounts that are inversely proportional to the respective distances between the point on the coastline of each such State that is closest to the geographic center of the lease tract, as determined by the Secretary.

“(2) **MINIMUM AND MAXIMUM ALLOCATION.**—The amount allocated to a coastal State under paragraph (1) each fiscal year with respect to a leased tract shall be—

“(A) in the case of a coastal State that is the nearest State to the geographic center of the leased tract, not less than 25 percent of the total amounts allocated with respect to the leased tract;

“(B) in the case of any other coastal State, not less than 10 percent, and not more than 15 percent, of the total amounts allocated with respect to the leased tract; and

“(C) in the case of a coastal State that is the only coastal State within 200 miles of a leased tract, 100 percent of the total amounts allocated with respect to the leased tract.

“(3) ADMINISTRATION.—Amounts allocated to a coastal State under this subsection—

“(A) shall be available to the coastal State without further appropriation;

“(B) shall remain available until expended;

“(C) shall be in addition to any other amounts available to the coastal State under this Act; and

“(D) shall be distributed in the fiscal year following receipt.

“(4) USE OF FUNDS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a coastal State may use funds allocated and paid to it under this subsection for any purpose as determined by the laws of that State.

“(B) RESTRICTION ON USE FOR MATCHING.—Funds allocated and paid to a coastal State under this subsection may not be used as matching funds for any other Federal program.”

(b) LIMITATION ON APPLICATION.—This section and the amendment made by this section shall not affect the application of section 105 of the Gulf of Mexico Energy Security Act of 2006 (title I of division C of Public Law 109–432; (43 U.S.C. 1331 note)), as in effect before the enactment of this Act, with respect to revenues received by the United States under oil and gas leases issued for tracts located in the Western and Central Gulf of Mexico Outer Continental Shelf Planning Areas, including such leases issued on or after the date of the enactment of this Act.

## **TITLE IV—REORGANIZATION OF MINERALS MANAGEMENT AGENCIES OF THE DEPARTMENT OF THE INTERIOR**

### **SEC. 401. ESTABLISHMENT OF UNDER SECRETARY FOR ENERGY, LANDS, AND MINERALS AND ASSISTANT SECRETARY OF OCEAN ENERGY AND SAFETY.**

There shall be in the Department of the Interior—

(1) an Under Secretary for Energy, Lands, and Minerals, who shall—

(A) be appointed by the President, by and with the advise and consent of the Senate;

(B) report to the Secretary of the Interior or, if directed by the Secretary, to the Deputy Secretary of the Interior;

(C) be paid at the rate payable for level III of the Executive Schedule; and

(D) be responsible for—

(i) the safe and responsible development of our energy and mineral resources on Federal lands in appropriate accordance with United States energy demands; and

(ii) ensuring multiple-use missions of the Department of the Interior that promote the safe and sustained development of energy and minerals resources on public lands (as that term is defined in the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.));

(2) an Assistant Secretary of Ocean Energy and Safety, who shall—

(A) be appointed by the President, by and with the advise and consent of the Senate;

(B) report to the Under Secretary for Energy, Lands, and Minerals;

(C) be paid at the rate payable for level IV of the Executive Schedule; and

(D) be responsible for ensuring safe and efficient development of energy and minerals on the Outer Continental Shelf of the United States; and

(3) an Assistant Secretary of Land and Minerals Management, who shall—

(A) be appointed by the President, by and with the advise and consent of the Senate;

(B) report to the Under Secretary for Energy, Lands, and Minerals;

(C) be paid at the rate payable for level IV of the Executive Schedule; and

(D) be responsible for ensuring safe and efficient development of energy and minerals on public lands and other Federal onshore lands under the

jurisdiction of the Department of the Interior, including implementation of the Mineral Leasing Act (30 U.S.C. 181 et seq.) and the Surface Mining Control and Reclamation Act (30 U.S.C. 1201 et seq.) and administration of the Office of Surface Mining.

**SEC. 402. BUREAU OF OCEAN ENERGY.**

(a) **ESTABLISHMENT.**—There is established in the Department of the Interior a Bureau of Ocean Energy (referred to in this section as the “Bureau”), which shall—

(1) be headed by a Director of Ocean Energy (referred to in this section as the “Director”); and

(2) be administered under the direction of the Assistant Secretary of Ocean Energy and Safety.

(b) **DIRECTOR.**—

(1) **APPOINTMENT.**—The Director shall be appointed by the Secretary of the Interior.

(2) **COMPENSATION.**—The Director shall be compensated at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(c) **DUTIES.**—

(1) **IN GENERAL.**—The Secretary of the Interior shall carry out through the Bureau all functions, powers, and duties vested in the Secretary relating to the administration of a comprehensive program of offshore mineral and renewable energy resources management.

(2) **SPECIFIC AUTHORITIES.**—The Director shall promulgate and implement regulations—

(A) for the proper issuance of leases for the exploration, development, and production of nonrenewable and renewable energy and mineral resources on the Outer Continental Shelf;

(B) relating to resource identification, access, evaluation, and utilization;

(C) for development of leasing plans, lease sales, and issuance of leases for such resources; and

(D) regarding issuance of environmental impact statements related to leasing and post leasing activities including exploration, development, and production, and the use of third party contracting for necessary environmental analysis for the development of such resources.

(3) **LIMITATION.**—The Secretary shall not carry out through the Bureau any function, power, or duty that is—

(A) required by section 403 to be carried out through the Ocean Energy Safety Service; or

(B) required by section 404 to be carried out through the Office of Natural Resources Revenue.

(d) **RESPONSIBILITIES OF LAND MANAGEMENT AGENCIES.**—Nothing in this section shall affect the authorities of the Bureau of Land Management under the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.) or of the Forest Service under the National Forest Management Act of 1976 (Public Law 94–588).

**SEC. 403. OCEAN ENERGY SAFETY SERVICE.**

(a) **ESTABLISHMENT.**—There is established in the Department of the Interior an Ocean Energy Safety Service (referred to in this section as the “Service”), which shall—

(1) be headed by a Director of Energy Safety (referred to in this section as the “Director”); and

(2) be administered under the direction of the Assistant Secretary of Ocean Energy and Safety.

(b) **DIRECTOR.**—

(1) **APPOINTMENT.**—The Director shall be appointed by the Secretary of the Interior.

(2) **COMPENSATION.**—The Director shall be compensated at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(c) **DUTIES.**—

(1) **IN GENERAL.**—The Secretary of the Interior shall carry out through the Service all functions, powers, and duties vested in the Secretary relating to the administration of safety and environmental enforcement activities related to offshore mineral and renewable energy resources on the Outer Continental Shelf pursuant to the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) including the authority to develop, promulgate, and enforce regulations to ensure the safe and sound exploration, development, and production of mineral and renewable energy resources on the Outer Continental Shelf in a timely fashion.

(2) SPECIFIC AUTHORITIES.—The Director shall be responsible for all safety activities related to exploration and development of renewable and mineral resources on the Outer Continental Shelf, including—

(A) exploration, development, production, and ongoing inspections of infrastructure;

(B) the suspending or prohibiting, on a temporary basis, any operation or activity, including production under leases held on the Outer Continental Shelf, in accordance with section 5(a)(1) of the Outer Continental Shelf Lands Act (43 U.S.C. 1334(a)(1));

(C) cancelling any lease, permit, or right-of-way on the Outer Continental Shelf, in accordance with section 5(a)(2) of the Outer Continental Shelf Lands Act (43 U.S.C. 1334(a)(2));

(D) compelling compliance with applicable Federal laws and regulations relating to worker safety and other matters;

(E) requiring comprehensive safety and environmental management programs for persons engaged in activities connected with the exploration, development, and production of mineral or renewable energy resources;

(F) developing and implementing regulations for Federal employees to carry out any inspection or investigation to ascertain compliance with applicable regulations, including health, safety, or environmental regulations;

(G) implementing the Offshore Technology Research and Risk Assessment Program under section 21 of the Outer Continental Shelf Lands Act (43 U.S.C. 1347);

(H) summoning witnesses and directing the production of evidence;

(I) levying fines and penalties and disqualifying operators;

(J) carrying out any safety, response, and removal preparedness functions; and

(K) the processing of permits, exploration plans, development plans.

(d) EMPLOYEES.—

(1) IN GENERAL.—The Secretary shall ensure that the inspection force of the Bureau consists of qualified, trained employees who meet qualification requirements and adhere to the highest professional and ethical standards.

(2) QUALIFICATIONS.—The qualification requirements referred to in paragraph (1)—

(A) shall be determined by the Secretary, subject to subparagraph (B); and

(B) shall include—

(i) three years of practical experience in oil and gas exploration, development, or production; or

(ii) a degree in an appropriate field of engineering from an accredited institution of higher learning.

(3) ASSIGNMENT.—In assigning oil and gas inspectors to the inspection and investigation of individual operations, the Secretary shall give due consideration to the extent possible to their previous experience in the particular type of oil and gas operation in which such inspections are to be made.

(4) BACKGROUND CHECKS.—The Director shall require that an individual to be hired as an inspection officer undergo an employment investigation (including a criminal history record check).

(5) LANGUAGE REQUIREMENTS.—Individuals hired as inspectors must be able to read, speak, and write English well enough to—

(A) carry out written and oral instructions regarding the proper performance of inspection duties; and

(B) write inspection reports and statements and log entries in the English language.

(6) VETERANS PREFERENCE.—The Director shall provide a preference for the hiring of an individual as a inspection officer if the individual is a member or former member of the Armed Forces and is entitled, under statute, to retired, retirement, or retainer pay on account of service as a member of the Armed Forces.

(7) ANNUAL PROFICIENCY REVIEW.—

(A) ANNUAL PROFICIENCY REVIEW.—The Director shall provide that an annual evaluation of each individual assigned inspection duties is conducted and documented.

(B) CONTINUATION OF EMPLOYMENT.—An individual employed as an inspector may not continue to be employed in that capacity unless the evaluation demonstrates that the individual—

(i) continues to meet all qualifications and standards;



(ii) has a satisfactory record of performance and attention to duty based on the standards and requirements in the inspection program; and

(iii) demonstrates the current knowledge and skills necessary to courteously, vigilantly, and effectively perform inspection functions.

(8) LIMITATION ON RIGHT TO STRIKE.—Any individual that conducts permitting or inspections under this section may not participate in a strike, or assert the right to strike.

(9) PERSONNEL AUTHORITY.—Notwithstanding any other provision of law, the Director may employ, appoint, discipline and terminate for cause, and fix the compensation, terms, and conditions of employment of Federal service for individuals as the employees of the Service in order to restore and maintain the trust of the people of the United States in the accountability of the management of our Nation's energy safety program.

(10) TRAINING ACADEMY.—

(A) IN GENERAL.—The Secretary shall establish and maintain a National Offshore Energy Safety Academy (referred to in this paragraph as the “Academy”) as an agency of the Ocean Energy Safety Service.

(B) FUNCTIONS OF ACADEMY.—The Secretary, through the Academy, shall be responsible for—

(i) the initial and continued training of both newly hired and experienced offshore oil and gas inspectors in all aspects of health, safety, environmental, and operational inspections;

(ii) the training of technical support personnel of the Bureau;

(iii) any other training programs for offshore oil and gas inspectors, Bureau personnel, Department personnel, or other persons as the Secretary shall designate; and

(iv) certification of the successful completion of training programs for newly hired and experienced offshore oil and gas inspectors.

(C) COOPERATIVE AGREEMENTS.—

(i) IN GENERAL.—In performing functions under this paragraph, and subject to clause (ii), the Secretary may enter into cooperative educational and training agreements with educational institutions, related Federal academies, other Federal agencies, State governments, safety training firms, and oil and gas operators and related industries.

(ii) TRAINING REQUIREMENT.—Such training shall be conducted by the Academy in accordance with curriculum needs and assignment of instructional personnel established by the Secretary.

(11) USE OF DEPARTMENT PERSONNEL.—In performing functions under this subsection, the Secretary shall use, to the extent practicable, the facilities and personnel of the Department of the Interior. The Secretary may appoint or assign to the Academy such officers and employees as the Secretary considers necessary for the performance of the duties and functions of the Academy.

(12) ADDITIONAL TRAINING PROGRAMS.—

(A) IN GENERAL.—The Secretary shall work with appropriate educational institutions, operators, and representatives of oil and gas workers to develop and maintain adequate programs with educational institutions and oil and gas operators that are designed—

(i) to enable persons to qualify for positions in the administration of this Act; and

(ii) to provide for the continuing education of inspectors or other appropriate Department of the Interior personnel.

(B) FINANCIAL AND TECHNICAL ASSISTANCE.—The Secretary may provide financial and technical assistance to educational institutions in carrying out this paragraph.

(e) LIMITATION.—The Secretary shall not carry out through the Service any function, power, or duty that is—

(1) required by section 402 to be carried out through Bureau of Ocean Energy;

or

(2) required by section 404 to be carried out through the Office of Natural Resources Revenue.

#### SEC. 404. OFFICE OF NATURAL RESOURCES REVENUE.

(a) ESTABLISHMENT.—There is established in the Department of the Interior an Office of Natural Resources Revenue (referred to in this section as the “Office”) to be headed by a Director of Natural Resources Revenue (referred to in this section as the “Director”).

(b) APPOINTMENT AND COMPENSATION.—

(1) IN GENERAL.—The Director shall be appointed by the Secretary of the Interior.

(2) COMPENSATION.—The Director shall be compensated at the rate provided for Level V of the Executive Schedule under section 5316 of title 5, United States Code.

(c) DUTIES.—

(1) IN GENERAL.—The Secretary of the Interior shall carry out, through the Office, all functions, powers, and duties vested in the Secretary and relating to the administration of offshore royalty and revenue management functions.

(2) SPECIFIC AUTHORITIES.—The Secretary shall carry out, through the Office, all functions, powers, and duties previously assigned to the Minerals Management Service (including the authority to develop, promulgate, and enforce regulations) regarding offshore royalty and revenue collection; royalty and revenue distribution; auditing and compliance; investigation and enforcement of royalty and revenue regulations; and asset management for onshore and offshore activities.

(d) LIMITATION.—The Secretary shall not carry out through the Office any function, power, or duty that is—

(1) required by section 402 to be carried out through Bureau of Ocean Energy;

or

(2) required by section 403 to be carried out through the Ocean Energy Safety Service.

#### SEC. 405. ETHICS AND DRUG TESTING.

(a) CERTIFICATION.—The Secretary of the Interior shall certify annually that all Department of the Interior officers and employees having regular, direct contact with lessees, contractors, concessionaires, and other businesses interested before the Government as a function of their official duties, or conducting investigations, issuing permits, or responsible for oversight of energy programs, are in full compliance with all Federal employee ethics laws and regulations under the Ethics in Government Act of 1978 (5 U.S.C. App.) and part 2635 of title 5, Code of Federal Regulations, and all guidance issued under subsection (c).

(b) DRUG TESTING.—The Secretary shall conduct a random drug testing program of all Department of the Interior personnel referred to in subsection (a).

(c) GUIDANCE.—Not later than 90 days after the date of enactment of this Act, the Secretary shall issue supplementary ethics and drug testing guidance for the employees for which certification is required under subsection (a). The Secretary shall update the supplementary ethics guidance not less than once every 3 years thereafter.

#### SEC. 406. ABOLISHMENT OF MINERALS MANAGEMENT SERVICE.

(a) ABOLISHMENT.—The Minerals Management Service is abolished.

(b) COMPLETED ADMINISTRATIVE ACTIONS.—

(1) IN GENERAL.—Completed administrative actions of the Minerals Management Service shall not be affected by the enactment of this Act, but shall continue in effect according to their terms until amended, modified, superseded, terminated, set aside, or revoked in accordance with law by an officer of the United States or a court of competent jurisdiction, or by operation of law.

(2) COMPLETED ADMINISTRATIVE ACTION DEFINED.—For purposes of paragraph (1), the term “completed administrative action” includes orders, determinations, memoranda of understanding, memoranda of agreements, rules, regulations, personnel actions, permits, agreements, grants, contracts, certificates, licenses, registrations, and privileges.

(c) PENDING PROCEEDINGS.—Subject to the authority of the Secretary of the Interior and the officers of the Department of the Interior under this Act—

(1) pending proceedings in the Minerals Management Service, including notices of proposed rulemaking, and applications for licenses, permits, certificates, grants, and financial assistance, shall continue, notwithstanding the enactment of this Act or the vesting of functions of the Service in another agency, unless discontinued or modified under the same terms and conditions and to the same extent that such discontinuance or modification could have occurred if this Act had not been enacted; and

(2) orders issued in such proceedings, and appeals therefrom, and payments made pursuant to such orders, shall issue in the same manner and on the same terms as if this Act had not been enacted, and any such orders shall continue in effect until amended, modified, superseded, terminated, set aside, or revoked by an officer of the United States or a court of competent jurisdiction, or by operation of law.

(d) PENDING CIVIL ACTIONS.—Subject to the authority of the Secretary of the Interior or any officer of the Department of the Interior under this Act, pending civil

actions shall continue notwithstanding the enactment of this Act, and in such civil actions, proceedings shall be had, appeals taken, and judgments rendered and enforced in the same manner and with the same effect as if such enactment had not occurred.

(e) REFERENCES.—References relating to the Minerals Management Service in statutes, Executive orders, rules, regulations, directives, or delegations of authority that precede the effective date of this Act are deemed to refer, as appropriate, to the Department, to its officers, employees, or agents, or to its corresponding organizational units or functions. Statutory reporting requirements that applied in relation to the Minerals Management Service immediately before the effective date of this Act shall continue to apply.

**SEC. 407. CONFORMING AMENDMENTS TO EXECUTIVE SCHEDULE PAY RATES.**

(a) UNDER SECRETARY FOR ENERGY, LANDS, AND MINERALS.—Section 5314 of title 5, United States Code, is amended by inserting after the item relating to “Under Secretaries of the Treasury (3).” the following:

“Under Secretary for Energy, Lands, and Minerals, Department of the Interior.”.

(b) ASSISTANT SECRETARIES.—Section 5315 of title 5, United States Code, is amended by striking “Assistant Secretaries of the Interior (6).” and inserting the following:

“Assistant Secretaries, Department of the Interior (7).”.

(c) DIRECTORS.—Section 5316 of title 5, United States Code, is amended by striking “Director, Bureau of Mines, Department of the Interior.” and inserting the following new items:

“Director, Bureau of Ocean Energy, Department of the Interior.

“Director, Ocean Energy Safety Service, Department of the Interior.

“Director, Office of Natural Resources Revenue, Department of the Interior.”.

**SEC. 408. OUTER CONTINENTAL SHELF ENERGY SAFETY ADVISORY BOARD.**

(a) ESTABLISHMENT.—The Secretary of the Interior shall establish, under the Federal Advisory Committee Act, an Outer Continental Shelf Energy Safety Advisory Board (referred to in this section as the “Board”)—

(1) to provide the Secretary and the Directors established by this Act with independent scientific and technical advice on safe, responsible, and timely mineral and renewable energy exploration, development, and production activities; and

(2) to review operations of the National Offshore Energy Health and Safety Academy established under section 403(d), including submitting to the Secretary recommendations of curriculum to ensure training scientific and technical advancements.

(b) MEMBERSHIP.—

(1) SIZE.—The Board shall consist of not more than 11 members, who—

(A) shall be appointed by the Secretary based on their expertise in oil and gas drilling, well design, operations, well containment and oil spill response; and

(B) must have significant scientific, engineering, management, and other credentials and a history of working in the field related to safe energy exploration, development, and production activities.

(2) CONSULTATION AND NOMINATIONS.—The Secretary shall consult with the National Academy of Sciences and the National Academy of Engineering to identify potential candidates for the Board and shall take nominations from the public.

(3) TERM.—The Secretary shall appoint Board members to staggered terms of not more than 4 years, and shall not appoint a member for more than 2 consecutive terms.

(4) BALANCE.—In appointing members to the Board, the Secretary shall ensure a balanced representation of industry and research interests.

(c) CHAIR.—The Secretary shall appoint the Chair for the Board from among its members.

(d) MEETINGS.—The Board shall meet not less than 3 times per year and shall host, at least once per year, a public forum to review and assess the overall energy safety performance of Outer Continental Shelf mineral and renewable energy resource activities.

(e) OFFSHORE DRILLING SAFETY ASSESSMENTS AND RECOMMENDATIONS.—As part of its duties under this section, the Board shall, by not later than 180 days after the date of enactment of this section and every 5 years thereafter, submit to the Secretary a report that—

(1) assesses offshore oil and gas well control technologies, practices, voluntary standards, and regulations in the United States and elsewhere; and

(2) as appropriate, recommends modifications to the regulations issued under this Act to ensure adequate protection of safety and the environment, including recommendations on how to reduce regulations and administrative actions that are duplicative or unnecessary.

(f) **REPORTS.**—Reports of the Board shall be submitted by the Board to the Committee on Natural Resources of the House or Representatives and the Committee on Energy and Natural Resources of the Senate and made available to the public in electronically accessible form.

(g) **TRAVEL EXPENSES.**—Members of the Board, other than full-time employees of the Federal Government, while attending meeting of the Board or while otherwise serving at the request of the Secretary or the Director while serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for individuals in the Government serving without pay.

**SEC. 409. OUTER CONTINENTAL SHELF INSPECTION FEES.**

Section 22 of the Outer Continental Shelf Lands Act (43 U.S.C. 1348) is amended by adding at the end of the section the following:

“(g) **INSPECTION FEES.**—

“(1) **ESTABLISHMENT.**—The Secretary of the Interior shall collect from the operators of facilities subject to inspection under subsection (c) non-refundable fees for such inspections—

“(A) at an aggregate level equal to the amount necessary to offset the annual expenses of inspections of outer Continental Shelf facilities (including mobile offshore drilling units) by the Department of the Interior; and

“(B) using a schedule that reflects the differences in complexity among the classes of facilities to be inspected.

“(2) **OCEAN ENERGY SAFETY FUND.**—There is established in the Treasury a fund, to be known as the ‘Ocean Energy Enforcement Fund’ (referred to in this subsection as the ‘Fund’), into which shall be deposited all amounts collected as fees under paragraph (1) and which shall be available as provided under paragraph (3).

“(3) **AVAILABILITY OF FEES.**—

“(A) **IN GENERAL.**—Notwithstanding section 3302 of title 31, United States Code, all amounts deposited in the Fund—

“(i) shall be credited as offsetting collections;

“(ii) shall be available for expenditure for purposes of carrying out inspections of outer Continental Shelf facilities (including mobile offshore drilling units) and the administration of the inspection program under this section;

“(iii) shall be available only to the extent provided for in advance in an appropriations Act; and

“(iv) shall remain available until expended.

“(B) **USE FOR FIELD OFFICES.**—Not less than 75 percent of amounts in the Fund may be appropriated for use only for the respective Department of the Interior field offices where the amounts were originally assessed as fees.

“(4) **INITIAL FEES.**—Fees shall be established under this subsection for the fiscal year in which this subsection takes effect and the subsequent 10 years, and shall not be raised without advise and consent of the Congress, except as determined by the Secretary to be appropriate as an adjustment equal to the percentage by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment exceeds the Consumer Price Index for the month of June of the calendar year in which the claim was determined or last adjusted.

“(5) **ANNUAL FEES.**—Annual fees shall be collected under this subsection for facilities that are above the waterline, excluding drilling rigs, and are in place at the start of the fiscal year. Fees for fiscal year 2013 shall be—

“(A) \$10,500 for facilities with no wells, but with processing equipment or gathering lines;

“(B) \$17,000 for facilities with 1 to 10 wells, with any combination of active or inactive wells; and

“(C) \$31,500 for facilities with more than 10 wells, with any combination of active or inactive wells.

“(6) **FEES FOR DRILLING RIGS.**—Fees for drilling rigs shall be assessed under this subsection for all inspections completed in fiscal years 2013 through 2022. Fees for fiscal year 2013 shall be—

“(A) \$30,500 per inspection for rigs operating in water depths of 1,000 feet or more; and

“(B) \$16,700 per inspection for rigs operating in water depths of less than 1,000 feet.

“(7) BILLING.—The Secretary shall bill designated operators under paragraph (5) within 60 days after the date of the inspection, with payment required within 30 days of billing. The Secretary shall bill designated operators under paragraph (6) within 30 days of the end of the month in which the inspection occurred, with payment required within 30 days after billing.

“(8) SUNSET.—No fee may be collected under this subsection for any fiscal year after fiscal year 2022.

“(9) ANNUAL REPORTS.—

“(A) IN GENERAL.—Not later than 60 days after the end of each fiscal year beginning with fiscal year 2013, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives a report on the operation of the Fund during the fiscal year.

“(B) CONTENTS.—Each report shall include, for the fiscal year covered by the report, the following:

“(i) A statement of the amounts deposited into the Fund.

“(ii) A description of the expenditures made from the Fund for the fiscal year, including the purpose of the expenditures and the additional hiring of personnel.

“(iii) A statement of the balance remaining in the Fund at the end of the fiscal year.

“(iv) An accounting of pace of permit approvals.

“(v) If fee increases are proposed after the initial 10-year period referred to in paragraph (5), a proper accounting of the potential adverse economic impacts such fee increases will have on offshore economic activity and overall production, conducted by the Secretary.

“(vi) Recommendations to increase the efficacy and efficiency of offshore inspections.

“(vii) Any corrective actions levied upon offshore inspectors as a result of any form of misconduct.”.

## TITLE V—UNITED STATES TERRITORIES

### SEC. 501. APPLICATION OF OUTER CONTINENTAL SHELF LANDS ACT WITH RESPECT TO TERRITORIES OF THE UNITED STATES.

Section 2 of the Outer Continental Shelf Lands Act (43 U.S.C. 1331) is amended—

(1) in paragraph (a), by inserting after “control” the following: “or lying within the United States exclusive economic zone and the Continental Shelf adjacent to any territory of the United States”;

(2) in paragraph (p), by striking “and” after the semicolon at the end;

(3) in paragraph (q), by striking the period at the end and inserting “; and”; and

(4) by adding at the end the following:

“(r) The term ‘State’ includes each territory of the United States.”.

### PURPOSE OF THE BILL

The purpose of H.R. 2231 is to amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, and implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies.

### BACKGROUND AND NEED FOR LEGISLATION

In July 2008, as a result of escalating oil and gas prices, the Bush Administration lifted a long-standing executive moratorium on new offshore drilling. Congress soon followed suit, allowing the annual Congressional moratorium on offshore drilling to expire on September 30, 2008. In response to the lifting of the offshore drilling moratoria, the Minerals Management Service moved early to

issue a Draft Proposed Plan for the 2010–2015 period, which was published on January 16, 2009. This plan opened up the entire Atlantic Outer Continental Shelf (OCS) planning area, very small areas off the coast of California with known resources, a small area in Alaska, the Western and Central Gulf of Mexico, and an area in the Eastern Gulf of Mexico—12 areas in total (four areas off Alaska, three areas off the Atlantic coast, two areas off the Pacific coast, and three areas in the Gulf of Mexico).

However, upon assuming office, the Obama Administration and Secretary of the Interior Ken Salazar slowed the process for the 2010–2015 Draft Proposed Plan by extending the comment period for an additional 180 days, then subsequently the Department of the Interior decided to scrap the 2010–2015 Draft Proposed Plan and instead create a new 2012–2017 plan. Additionally, the Obama Administration revised the existing 2007–2012 Five-Year Plan to cancel several lease sales.

In November 2011, Secretary Salazar introduced a Draft Proposed Five Year Plan for 2012–2017. The Obama Administration boasts that the plan “makes available more than 75 percent of undiscovered technically recoverable oil and gas resources (UTRR) estimated in federal offshore areas.” By focusing on UTRR rather than simply focusing on opening new acreage, the Obama Administration obfuscates the fact that no new areas are opened under this plan. By omitting key areas such as the Atlantic and the Pacific planning areas, the President’s Five-Year Plan shuts down possible exploration and development in these areas for the next five years. The Obama plan contained the fewest number of lease sales in the history of the five-year planning process, fewer than the Carter Administration—and locks up 85% of our nation’s OCS acreage from development.

In many cases, the UTRR estimates for offshore areas that have not seen activity in recent decades due to the moratoria is based on old seismic data. In cases such as the Virginia lease sale (Lease Sale 220), which was cancelled despite broad, bipartisan support from Virginia’s Congressional delegation, Governor, and General Assembly, the seismic data utilized to estimate the UTRR off the Atlantic derives primarily from data collected in the late 1980s. Technology has matured by leaps and bounds since the 1980s, which in turn has changed the face of geological and geophysical (G&G) activities allowing us a much better understanding of the resources available in the ground. For instance, in 2002, the U.S. Geological Survey (USGS) estimated that the Marcellus Shale contained only 1.9 trillion cubic feet of natural gas. Increased exploration and development, as well as technological advances, resulted in USGS concluding nearly a decade later in 2011, that it now believes the Marcellus has roughly 44 times the previously estimated amount, at 84 trillion cubic feet of natural gas. A more recent reassessment of the Bakken area that was released in April 2013 by the USGS had a similar result. In 1995, the USGS believed the Bakken contained 151 million barrels of oil; the most recent assessment from April 2013 concludes that 7.4 billion barrels, nearly 50 times that amount, is available. While this is an onshore example, it demonstrates why estimates based on decades-old data is a poor excuse for excluding new areas in a Five-Year Plan.

Additionally, the primary source of G&G data and information used by the Bureau of Ocean Energy Management (BOEM) to conduct resource evaluations is the oil and gas industry. BOEM issues permits to industry for conducting pre- and post-lease data collection, and then requires industry to share certain data with the federal government. While BOEM has attempted to draw focus away from the blatant omission of Virginia from the current five-year plan by advertising its ongoing effort to allow for G&G activity in the Mid-Atlantic, there is concern that industry will have very little incentive to invest capital to conduct seismic work because, should it make a discovery, it will have to wait, at the very least, until 2018 (the next five year plan) to purchase a lease.

Finally, while the Obama plan did include three lease sales scheduled for areas off the coast of Alaska, these sales are consistently referred to by the Obama Administration as “potential” lease sales. When paired with the Department of the Interior’s March review of Shell’s drilling operations in the Beaufort and Chukchi seas, the Administration has provided very little certainty that any new drilling will be conducted in any new areas of our nation’s OCS.

Today, our vast OCS resources are a vital lifeline for our nation’s energy needs—though less than 3% of federal OCS lands are currently under lease. In 2010, the producing leases on this small percentage of land accounted for 30% of U.S. crude oil production and 10% of U.S. natural gas production. Regardless of any individual’s particular perspective, there is no doubt that hydrocarbons will remain a key component of our nation’s energy portfolio for decades. The Department of the Interior through the BOEM has the obligation, by statute, to plan for the efficient development of oil and gas resources on federal lands in accordance with national need. Instead, the plan put forward by this Administration is a major setback to future energy development off our shores.

Meanwhile, American families are struggling to adapt to the new normal of \$3.50+ gasoline with the average price for a gallon of regular gasoline averaging \$3.66 for the week of June 10, 2013. According to the Energy Information Administration (EIA), the average price for a gallon of gas in the U.S. has not been under \$3.00 since 2010, and prices continue to build. While the causes behind gas prices have been studied and restudied, two of the most recent studies on this subject by the Federal Trade Commission (2011) and the Massachusetts Institute of Technology (2013) point to the economic truth that global crude prices drive U.S. gasoline prices.

While soaring production on state and private lands and declines in consumption are helping to slowly reduce our nation’s dependence on foreign oil, production on federal lands is waning. An EIA report released on May 30, 2013, shows an 8% decrease in federal offshore production volumes for Fiscal Year 2012, and an 18% decrease since 2010. H.R. 2231, the Offshore Energy and Jobs Act, will extend the safe and responsible development of oil and gas production to new areas of our nation’s OCS, grow production on federal lands, create more American energy, generate billions of dollars in revenue, and benefit our economy by establishing millions of new jobs. Additionally, as other countries ramp up operations to take advantage of natural resources in deepwater around the globe, the responsible leasing plan included in the Offshore Energy and

Jobs Act takes advantage of new areas to help our country to maintain a competitive edge.

#### LEASING REFORM

The Offshore Energy and Jobs Act will require the Secretary to conduct a goal-oriented leasing program in which the Secretary will aim to meet targeted production goals in line with national need. The Secretary will also be required to lease a specific amount of OCS acreage focusing on multiple planning areas that have the greatest potential for oil and gas resources. The Act then requires the Secretary to initiate a new lease sale for the 2015–2020 period utilizing the aforementioned criteria outlined in the Act. By focusing on areas estimated to contain the greatest amount of resources, the aim of this provision is to ensure that the offshore leasing planning process has a specific goal of increasing production of energy resources from federal OCS lands and reverse the trend of decreasing production on the federal OCS. Additionally, by bringing more acreage online in new areas, this provision aims to ensure our nation's competitiveness with other countries as they seek to attract businesses and rigs to their shores for energy development.

#### DIRECTING LEASE SALES IN VIRGINIA, SOUTH CAROLINA AND SOUTHERN CALIFORNIA

The Offshore Energy and Jobs Act directs three specific lease sales in Title II of the bill. Virginia Lease Sale 220 was originally included in the 2007–2012 5-year offshore leasing plan as a reflection of the support by the Commonwealth of Virginia for a lease sale off its coast. In accordance with Lease Sale 220's inclusion in the 2007–2012 plan, a Call for Information and Notice of Intent to prepare an Environmental Impact Statement (EIS) for the sale was published in the Federal Register in November 13, 2008. Unfortunately, the Obama Administration first postponed this lease sale on May 7, 2010, and later cancelled the sale entirely on May 27, 2010. While the Governor of Virginia, the majority of the Congressional delegation, and the legislature of the Commonwealth of Virginia all expressed their renewed interest in moving forward with a lease sale off the coast and supported Virginia's inclusion during the comment period for the drafting of the new 2012–2017 Five-Year offshore leasing plan, the Obama Administration ignored this vast support and excluded Virginia from the plan—pushing the possibility of future leasing off the coast of Virginia to 2017 at the earliest. In order to remedy this exclusion and respect the broad support by the Commonwealth of Virginia, the Offshore Energy and Jobs Act requires the Secretary to conduct lease sale 220 within one year of enactment of this legislation.

Additionally, given support in the 112th Congress by some members of the South Carolina delegation for a lease sale off the coast of South Carolina, the Offshore Energy and Jobs Act requires the Secretary to conduct a lease sale off the coast of South Carolina. The bill specifically requires the Secretary to determine which areas in the federal outer Continental Shelf off the coast of South Carolina have the most potential for hydrocarbon reservoirs, and requires the Secretary to make at least 25 percent of qualified areas available for lease within two years of enactment of the bill. The Governor of South Carolina, Nikki Haley, co-signed a letter



along with the Governors of Virginia and North Carolina which was addressed to incoming Secretary of the Interior, Sally Jewell, in February 2013, requesting her consideration of Atlantic OCS areas for future development, including areas off the coast of South Carolina. The Committee believes this provision directing a lease sale is reflective of the interest demonstrated in this letter and responds to South Carolina's interest in moving forward with the development of offshore energy resources.

Finally, the bill directs a lease sale in the Southern California OCS Planning Area. This area is one where there are more than 1.6 billion barrels of known resources of hydrocarbons that could be developed from production platforms that already exist in federal waters. The Committee also noted the State of California's renewed interest in pursuing the development of state resources from existing resources. For these reasons, this bill directs a lease sale in Southern California, but requires that the leases only be those which can be reached from existing offshore infrastructure or from onshore-based directional drilling.

Offshore drilling is certainly not new to the State of California—where there is currently oil and gas production from 23 platforms located offshore southern California which account for about 24 million barrels of oil and 47 billion cubic feet of natural gas annually. Despite these figures, California is a net importer of oil. According to the California Energy Commission, California produces only about 37.2 percent of the petroleum it uses while importing more than 50% of their demand from foreign sources. In 2007, the state spent nearly \$50 billion for gasoline and \$9.7 billion for diesel. Additionally, petroleum-based fuels account for 96 percent of the state's transportation needs. By directing this lease sale, California can play a greater role in generating the petroleum it sorely needs and consumes largely for transportation purposes. Additionally, California will be entitled to a share of the revenues from this production.

#### PROTECTION FOR DEFENSE OPERATIONS

Currently in conducting lease sales in the OCS, the Secretary of the Interior work within a mutually-agreed to framework that was developed between the Department of the Interior and the Department of Defense under a Memorandum of Agreement (MOA) signed by both Secretaries in 1983. This Act requires the Secretaries to continue to work inside that framework established by the Memorandum of Agreement, or any update of that agreement that follows.

Public lands of the United States are entrusted to the care of the federal government to ensure for their multiple-use by a wide variety of interests. In the case of federal OCS waters, the MOA allows for a symbiotic relationship between the Department of Defense and the Department of the Interior. The MOA ensures that the Secretary of the Interior and the Secretary of Defense are on equal footing in the leasing process, and created the framework that balances those needs that is still in use today. The MOA clearly recognizes that the OCS leasing program of the Department of the Interior is an "integral part of the nation's energy security program," but it also recognizes that the military's continued use of the OCS is imperative to ensure that our armed forces "achieve and main-

tain an optimum state of readiness.” It is clear that the MOA has successfully managed the multiple-use of federal lands.

The success of this agreement does not mean that there is not a need to update the agreement so it may adapt to new and emerging offshore energy technologies, such as wind energy. The Committee requests that the Department of the Interior begin a process to update this MOA to account for technological advances and report to the appropriate Committees on Natural Resources within 60 days on the progress of advancing an updated MOA with other Departments.

Given the success of this MOA, the only way to feasibly ensure that the joint goals of preserving access to the OCS for the U.S. Armed Forces and for mineral development is to allow the agencies to continue their negotiations inside the framework of the MOA. Any scenario where one Department is given precedence over the other would fundamentally undermine the multiple-use mission for public lands. Instead, the MOA is recognized as a delicate yet sound means by which both Departments may reach mutually acceptable solutions, thereby allowing leasing to continue in the OCS while making certain that the needs of our nation’s armed forces are continued to be met.

Finally, H.R. 2231 incorporates provisions that address the needs of the Department of Defense when conducting certain lease sales under this Act. In the Eastern Gulf of Mexico, provisions are included which allow limits on permanent surface occupancy should it conflict with military operations. Additionally, the Secretary of the Interior is able to include limits on drilling schedules to accommodate for military operations. Finally, the Secretary of the Interior may limit permanent surface infrastructure on any lease block that is within 12 nautical miles of any coastal state, unless that infrastructure is approved by the state.

In the case of Virginia’s Lease Sale 220, the Virginia lease sale planning area administrative boundaries were established in such a way as to incorporate recommendations from a Department of Defense report dated 15 February 2010 and entitled “Report on the compatibility of Department of Defense (DoD) activities with oil and gas resource development on the Outer Continental Shelf (OCS).” This report specifically outlines areas off the coast of Virginia (page 36; Mid-Atlantic Summary) where oil and gas activity can occur with no permanent oil and gas surface structures and areas where oil and gas activity would be outside of military operational areas. As a result of the planning area defined in this Act, Interior has the flexibility to mitigate conflicts with the military by allowing these new areas for lease under Lease Sale 220 in exchange for areas that Defense could request to defer from leasing under the terms of the MOA.

#### REVENUE SHARING

Aside from requiring the Secretary to conduct lease sales in areas with existing drilling as well as new areas in a way that reduces military conflicts, the Offshore Energy and Jobs Act will also provide all coastal states and U.S. territories with a fair and equitable revenue sharing plan without changing the existing revenue sharing plan currently in place for four Gulf states under the Gulf of Mexico Energy Security Act (Public Law 109-432) (Texas, Lou-

isiana, Alabama and Mississippi). The bill extends a phased-in 37.5% share of federal revenues to all coastal states for all other areas, and areas newly opened as a result of this bill. This plan respects concerns issued by state and local officials in the past when passing similar legislation in the 112th Congress, and Members of Congress from Gulf states who wished to leave the existing revenue formulas in place rather than replace them with a new formula for revenue sharing.

The revenue sharing formula in the Offshore Energy and Jobs Act grants all coastal states within 200 miles of the leased tract a portion of the revenues based on their distance from that leased tract. This revenue sharing formula is phased in based on the five-year leasing plan, eventually resulting in 37.5% of revenues derived from offshore energy development going to all coastal states, including the U.S. territories. However, the three directed lease sales in Title II of the bill are immediately able to receive a 37.5% revenue share. The purpose behind this is because those lease sales are required to be conducted expeditiously regardless of their exemption from the current five-year leasing plan in place though they would coincide with the schedule of the current 2012–2017 five-year plan.

#### REORGANIZATION

The Minerals Management Service (MMS), established in 1982, had long been the agency directly responsible for overseeing the safe planning, leasing, and production of our nation's energy and mineral resources on OCS lands, including the collection of related revenues. MMS had been organizationally aligned under the Assistant Secretary of Land and Minerals Management in the U.S. Department of the Interior. Oversight problems with the Royalty-in-Kind program and ethical lapses, and ensuing investigations, led to general concerns with the existing MMS management structure. The Deepwater Horizon explosion and subsequent oil spill in the Gulf of Mexico brought the issue of MMS reorganization to a critical juncture, resulting in an administrative reorganization in May 2010 by Secretarial Order that aimed to resolve what some identified as conflicting missions within MMS as well as address several suggestions in the Report issued by the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling.

In October 2011, Interior Secretary Salazar finalized an administrative reorganization by Secretarial Order, breaking MMS into three separate offices to prevent what some have called a conflict of interest between the issuing of leases, the generation and collection of revenue from those leases, and the safety oversight over the offshore operations. One of the main aspects of Salazar's reorganization is isolating all revenue collection functions previously administered under MMS into a new Office of Natural Resources Revenue, placing it under the jurisdiction of the Assistant Secretary of Policy, Management and Budget. The remaining functions of MMS were divided between two newly established offices: the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE), both of which remained under the Assistant Secretary for Land and Minerals Management. Additionally, a new Investigations and Review Unit (IRU) was established in June 2010 to act as a pseudo-law enforcement arm to in-

investigate allegations of unethical behavior or misconduct by MMS employees and allegations of misconduct by industry.

While lease sales, permitting and National Environmental Protection Act (NEPA) processes were formerly combined under the authority of the Director of MMS, the processes are pulled apart and split between the two new offices. Under the Salazar reorganization, BOEM retains responsibility for the leasing process and management, while BSEE is responsible for safety reviews, compliance inspections, approving spill response plans, and reviewing all NEPA activities. Under this reorganization, the permitting process is essentially split between the two “separate” agencies, with one agency responsible for energy and mineral leasing and development, and the other enforcement agency responsible for environmental and safety review.

Despite these efforts by the Administration to assuage safety concerns by reorganizing the Department by Secretarial Order, many have called for organic legislation to codify these changes. This bill echoes the reorganization put forward by Secretary Salazar as though it includes important differences that are integral to preserving continued efficient development of our nation’s offshore resources.

Title IV of H.R. 2231 creates three completely separate agencies with clearly defined missions. The bill also creates an Under Secretary for Energy, Lands and Minerals, with a direct line to the Secretary of the Interior unless the Secretary delegates that authority. This new position also increases oversight of safe energy development on all federal lands including the OCS.

This bill includes other differences as well, such as different agency names; the Bureau of Land Management and the Office of Surface Mining are also moved under the new Under Secretary to further encourage energy development both onshore and offshore; limiting the ability for safety inspectors to walk off the job to strike; ethics and drug testing requirements; and an OCS board that has the ability to provide recommendations on regulatory measures that are duplicative or unnecessary.

#### INSPECTION FEES

The Offshore Energy and Jobs Act extends for 10 years the authorization for the existing inspection fees currently utilized for offshore drilling operations by the BSEE. The offshore inspection fees were originally established to help offset the growing cost of increased inspections on offshore facilities. The fees were first proposed by MMS in the Fiscal Year 2010 budget for industry to offset 25% of the compliance costs, with an overall budget request of \$10 million in authority to assess these fees. The fees increased significantly moving forward, with \$62 million being authorized through the annual appropriations process in Fiscal Year 2012. H.R. 2231 authorizes those fees into place for ten years, allowing them to be increased with adjustments tied to the Consumer Price Index. The bill also ensures revenues from those fees are directed back to the regional offices to fund inspectors in the field where they are most needed.

## COMMITTEE ACTION

H.R. 2231 was introduced on June 4, 2013, by Congressman Doc Hastings (R-WA). The bill was referred to the Committee on Natural Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On June 6 and June 11, 2013, the Subcommittee on Energy and Mineral Resources held hearings on the bill. On June 12, 2013, the Full Natural Resources Committee met to consider the bill. The Subcommittee on Energy and Mineral Resources was discharged by unanimous consent. Congressman Hastings offered an en bloc amendment designated Lamborn #1 to the bill; the amendment was adopted by voice vote. Congressman Alan Lowenthal (D-CA) offered an amendment designated .005 to the bill; the amendment was not adopted by a roll call vote of 10 to 23, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 1

Meeting on / Amendment on: H.R. 2231 - LOWENTHAL.005, Not agreed to by vote of 10-23.

MEMBERS	Aye	No	Pres	MEMBERS	Aye	No	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan, SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI			
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. Defazio, OR	X			Mr. Cardenas, CA			
Mr. Gohmert, TX		X		Mr. Gosar, AZ			
Mr. Faleomavaega, AS	X			Mr. Horsford, NV			
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA			
Mr. Lamborn, CO		X		Mr. Southerland, FL			
Mrs. Napolitano, CA	X			Mr. Ruiz, CA			
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ				Ms. Shea-Porter, NH	X		
Mr. Broun, GA		X		Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV			
Ms. Bordallo, GU				Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA				Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI				Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA		X	
Mr. Benishek, MI		X		Mr. Smith, MO		X	
Mr. Pierluisi, PR							
				TOTALS	10	23	

Congressman Raúl Grijalva (D-AZ) offered an amendment designated .001 to the bill; the amendment was not adopted by a roll call vote of 14 to 25, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 2

Meeting on / Amendment on: H.R. 2231 - GRIJALVA.001, Not agreed to by vote of 14 yeas and 25 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan, SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI			
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. Defazio, OR	X			Mr. Cardenas, CA	X		
Mr. Gohmert, TX		X		Mr. Gosar, AZ		X	
Mr. Faleomavaega, AS	X			Mr. Horsford, NV	X		
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA			
Mr. Lamborn, CO		X		Mr. Southerland, FL		X	
Mrs. Napolitano, CA	X			Mr. Ruiz, CA	X		
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ				Ms. Shea-Porter, NH	X		
Mr. Broun, GA		X		Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV			
Ms. Bordallo, GU	X			Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA				Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI				Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA		X	
Mr. Benishek, MI		X		Mr. Smith, MO		X	
Mr. Pierluisi, PR							
				TOTALS	14	25	



Congressman Peter DeFazio (D–OR) offered an amendment designated .028 to the bill; the amendment was not adopted by a roll call vote of 16 to 24, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 3

Meeting on / Amendment on: H.R. 2231 - DeFAZIO.028, Not agreed to by vote of 16 yeas and 24 nays.

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan, SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI			
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. DeFazio, OR	X			Mr. Cardenas, CA	X		
Mr. Gohmert, TX		X		Mr. Gosar, AZ		X	
Mr. Faleomavaega, AS	X			Mr. Horsford, NV	X		
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA	X		
Mr. Lamborn, CO		X		Mr. Southerland, FL		X	
Mrs. Napolitano, CA	X			Mr. Ruiz, CA	X		
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ				Ms. Shea-Porter, NH	X		
Mr. Broun, GA		X		Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV			
Ms. Bordallo, GU	X			Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA				Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI				Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA			
Mr. Benishek, MI		X		Mr. Smith, MO		X	
Mr. Pierluisi, PR	X						
				TOTALS	16	24	

Congressman Alan Lowenthal (D-CA) offered an amendment designated .003 to the bill; the amendment was not adopted by a roll call vote of 16 to 24, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 4

Meeting on / Amendment on: H.R. 2231 - LOWENTHAL.003, Not agreed to by a vote of 16 yeas and 24 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman		X		Mr. Duncan of SC		X	
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI			
Mr. Young, AK		X		Mr. Tipton, CO		X	
Mr. Defazio, OR	X			Mr. Cardenas, CA			
Mr. Gohmert, TX		X		Mr. Gosar, AZ		X	
Mr. Faleomavaega, AS	X			Mr. Horsford, NV	X		
Mr. Bishop, UT		X		Mr. Labrador, ID		X	
Mr. Pallone, NJ	X			Mr. Huffman, CA	X		
Mr. Lamborn, CO		X		Mr. Southerland, FL		X	
Mrs. Napolitano, CA	X			Mr. Ruiz, CA	X		
Mr. Wittman, VA		X		Mr. Flores, TX		X	
Mr. Holt, NJ	X			Ms. Shea-Porter, NH	X		
Mr. Broun, GA		X		Mr. Runyan, NJ		X	
Mr. Grijalva, AZ	X			Mr. Lowenthal, CA	X		
Mr. Fleming, LA		X		Mr. Amodei, NV			
Ms. Bordallo, GU	X			Mr. Garcia, FL	X		
Mr. McClintock, CA		X		Mr. Mullin, OK		X	
Mr. Costa, CA				Mr. Cartwright, PA	X		
Mr. Thompson, PA		X		Mr. Stewart, UT		X	
Mr. Sablan, CNMI				Mr. Daines, MT		X	
Ms. Lummis, WY		X		Mr. Cramer, ND		X	
Ms. Tsongas, MA	X			Mr. LaMalfa, CA			
Mr. Benishek, MI		X		Mr. Smith, MO		X	
Mr. Pierluisi, PR	X						
				TOTALS	16	24	

Congressman Rush Holt (D-NJ) offered an amendment designated .043 to the bill; the amendment was not adopted by a roll call vote of 17 to 24, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 5

Meeting on / Amendment on: H.R. 2231 - HOLT.043, Not agreed to by a vote of 17 yeas and 24 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
<b>Mr. Hastings, WA, Chairman</b>		X		<b>Mr. Duncan of SC</b>		X	
<i>Mr. Markey, MA, Ranking</i>				<i>Ms. Hanabusa, HI</i>	X		
<b>Mr. Young, AK</b>		X		<b>Mr. Tipton, CO</b>		X	
<i>Mr. Defazio, OR</i>	X			<i>Mr. Cardenas, CA</i>			
<b>Mr. Gohmert, TX</b>		X		<b>Mr. Gosar, AZ</b>		X	
<i>Mr. Faleomavaega, AS</i>	X			<i>Mr. Horsford, NV</i>	X		
<b>Mr. Bishop, UT</b>		X		<b>Mr. Labrador, ID</b>		X	
<i>Mr. Pallone, NJ</i>	X			<i>Mr. Huffman, CA</i>	X		
<b>Mr. Lamborn, CO</b>		X		<b>Mr. Southerland, FL</b>		X	
<i>Mrs. Napolitano, CA</i>	X			<i>Mr. Ruiz, CA</i>	X		
<b>Mr. Wittman, VA</b>		X		<b>Mr. Flores, TX</b>		X	
<i>Mr. Holt, NJ</i>	X			<i>Ms. Shea-Porter, NH</i>	X		
<b>Mr. Broun, GA</b>		X		<b>Mr. Runyan, NJ</b>		X	
<i>Mr. Grijalva, AZ</i>	X			<i>Mr. Lowenthal, CA</i>	X		
<b>Mr. Fleming, LA</b>		X		<b>Mr. Amodei, NV</b>			
<i>Ms. Bordallo, GU</i>	X			<i>Mr. Garcia, FL</i>	X		
<b>Mr. McClintock, CA</b>		X		<b>Mr. Mullin, OK</b>		X	
<i>Mr. Costa, CA</i>				<i>Mr. Cartwright, PA</i>	X		
<b>Mr. Thompson, PA</b>		X		<b>Mr. Stewart, UT</b>		X	
<i>Mr. Sablan, CNMI</i>				<b>Mr. Daines, MT</b>		X	
<b>Ms. Lummis, WY</b>		X		<b>Mr. Cramer, ND</b>		X	
<i>Ms. Tsongas, MA</i>	X			<b>Mr. LaMalfa, CA</b>			
<b>Mr. Benishek, MI</b>		X		<b>Mr. Smith, MO</b>		X	
<i>Mr. Pierluisi, PR</i>	X						
				<b>TOTALS</b>	17	24	

Congressman Jon Runyan (R-NJ) offered an amendment designated .020 to the bill; the amendment was not adopted by voice vote. No further amendments were offered and the bill, as amended, was then adopted and ordered favorably reported to the House of Representatives by a bipartisan roll call vote of 23 to 18, as follows:

## Committee on Natural Resources

U.S. House of Representatives

113th Congress

Date: June 12, 2013

Recorded Vote #: 6

Meeting on / Amendment on: H.R. 2231 - To adopt and favorably report the bill to the House, as amended,  
agreed to by a vote of 23 yeas to 18 nays

MEMBERS	Yea	Nay	Pres	MEMBERS	Yea	Nay	Pres
Mr. Hastings, WA, Chairman	X			Mr. Duncan of SC	X		
Mr. Markey, MA, Ranking				Ms. Hanabusa, HI		X	
Mr. Young, AK	X			Mr. Tipton, CO	X		
Mr. Defazio, OR		X		Mr. Cardenas, CA			
Mr. Gohmert, TX	X			Mr. Gosar, AZ	X		
Mr. Faleomavaega, AS		X		Mr. Horsford, NV		X	
Mr. Bishop, UT	X			Mr. Labrador, ID	X		
Mr. Pallone, NJ		X		Mr. Huffman, CA		X	
Mr. Lamborn, CO	X			Mr. Southerland, FL	X		
Mrs. Napolitano, CA		X		Mr. Ruiz, CA		X	
Mr. Wittman, VA	X			Mr. Flores, TX	X		
Mr. Holt, NJ		X		Ms. Shea-Porter, NH		X	
Mr. Broun, GA	X			Mr. Runyan, NJ		X	
Mr. Grijalva, AZ		X		Mr. Lowenthal, CA		X	
Mr. Fleming, LA	X			Mr. Amodei, NV			
Ms. Bordallo, GU		X		Mr. Garcia, FL		X	
Mr. McClintock, CA	X			Mr. Mullin, OK	X		
Mr. Costa, CA				Mr. Cartwright, PA		X	
Mr. Thompson, PA	X			Mr. Stewart, UT	X		
Mr. Sablan, CNMI				Mr. Daines, MT	X		
Ms. Lummis, WY	X			Mr. Cramer, ND	X		
Ms. Tsongas, MA		X		Mr. LaMalfa, CA			
Mr. Benishek, MI	X			Mr. Smith, MO	X		
Mr. Pierluisi, PR		X					
				TOTALS	23	18	



## COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

## COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. However, clause 3(d)(2)(B) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974. Under clause 3(c)(3) of Rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for this bill from the Director of the Congressional Budget Office:

*H.R. 2231—Offshore Energy and Jobs Act*

Summary: H.R. 2231 would revise existing laws and policies regarding the development of oil and gas resources on the Outer Continental Shelf (OCS). It would direct the Department of the Interior (DOI) to adopt a new leasing plan for the 2015–2020 period, require auctions of leases in certain areas in the Atlantic and Pacific OCS, and reduce the department's discretion regarding which regions would be included in future lease sales. Under this bill, some of the offsetting receipts from leases issued in newly available areas would be spent, without further appropriation, to make payments to states. Finally, H.R. 2231 would direct DOI to collect fees from certain firms that operate in the OCS and to implement various administrative reforms.

CBO estimates that enacting H.R. 2231 would reduce net direct spending by \$1.5 billion over the 2014–2023 period. Pay-as-you-go procedures apply because enacting the legislation would reduce direct spending. In addition, CBO estimates that implementing the bill would cost \$40 million over the 2013–2018 period, assuming appropriation of the necessary amounts. Enacting this bill would not affect revenues.

H.R. 2231 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2231 is shown in the following table. The costs of this legislation fall within budget functions 950 (undistributed offsetting receipts) and 300 (natural resources and the environment).

	By fiscal year, in millions of dollars—					
	2014	2015	2016	2017	2018	2014–2018
CHANGES IN DIRECT SPENDING <sup>a</sup>						
Estimated Budget Authority .....	– 55	– 70	– 90	– 265	– 190	– 670

	By fiscal year, in millions of dollars—					
	2014	2015	2016	2017	2018	2014–2018
Estimated Outlays .....	– 55	– 70	– 90	– 265	– 190	– 670
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level .....	5	15	15	5	3	43
Estimated Outlays .....	1	14	15	7	3	40

<sup>a</sup> CHO estimates that enacting H.R. 2231 would reduce direct spending by \$1,515 million over the 2014–2023 period.

**Basis of estimate:** For this estimate, CBO assumes that H.R. 2231 will be enacted near the beginning of fiscal year 2014 and that the necessary amounts will be appropriated for each fiscal year.

#### *Direct spending*

CBO estimates that enacting H.R. 2231 would reduce net direct spending by \$1.5 billion 2014–2023 period. That estimate reflects the budgetary effects of provisions that would change the terms and procedures governing the OCS leasing program, authorize direct spending for payments to states, and require firms to pay annual fees for federal inspections of their operations in the OCS.

Payments for OCS leases and the proceeds from inspection fees would be recorded in the budget as offsetting receipts, which are treated as a reduction in direct spending. Because oil and gas production usually occurs several years after a lease is issued, CBO expects that most of the estimated increase in offsetting receipts over the next 10 years would result from bonus bids and rental payments. Most royalty collections associated with those leases would occur in later years. Such estimates are subject to considerable uncertainty, however, because the legislation would affect leasing activity in areas that have not been available for oil and gas development for more than 25 years.<sup>1</sup>

**OCS Leasing Activity.** H.R. 2231 would revise DOI's current leasing plan for the OCS and limit the department's future discretion in determining where and when auctions for access to those leases should occur. CBO estimates that implementing those changes would increase gross offsetting receipts by \$1.2 billion over the 2014–2023 period above the amounts expected under current law.

Under current law, most OCS leasing decisions are made administratively—in consultation with industry and states—for five-year planning periods. H.R. 2231 would reduce that administrative discretion by requiring DOI to auction leases for at least half of the available acreage in areas that the government estimates to contain certain quantities of oil or gas resources. In addition, the department would have to conduct three specific lease sales within two years of enactment: one off the coast of Virginia, one off the coast of South Carolina, and another for leases in the Santa Barbara and Ventura basins in the California OCS that could be developed by using existing offshore facilities or from onshore drilling sites. Finally, DOI would be required to adopt a new leasing plan for the 2015–2020 period that would replace the current leasing plan for the 2012–2017 period.

<sup>1</sup>For more information about factors affecting OCS leasing activity, see Congressional Budget Office, *Potential Budgetary Effects of Immediately Opening Most Federal Lands to Oil and Gas Leasing*, August 2012. <http://go.usa.gov/bQwH>.

*Leasing in the Atlantic and Pacific OCS.* Enacting H.R. 2231 would primarily affect leasing activity in the Atlantic and Pacific OCS. CBO estimates that implementing the bill would increase gross offsetting receipts from leasing in those areas by about \$1.0 billion over the next 10 years relative to our most recent baseline estimate of receipts under current law. This estimate of receipts attributable to the legislation reflects CBO's expectation that such leasing would generate proceeds of about \$1.8 billion over fiscal years 2014 through 2023 under the bill.<sup>2</sup> However, CBO expects a portion of that amount—\$0.8 billion—will be collected under current law. CBO's baseline estimate is less than the amount we estimate from enacting H.R. 2231 for two reasons. First, the current leasing plan for the 2012–2017 period does not include any auctions in the Atlantic and Pacific OCS. Second, the probability of such leasing occurring after 2017 under current law is uncertain because federal and state administrative policies toward leasing change over time.

*Leasing in Other OCS Regions.* H.R. 2231 also would affect leasing in areas that are temporarily unavailable because of statutory or Presidential restrictions. The Gulf of Mexico Energy Security Act of 2006, for example, prohibits leasing of about 4.4 million acres in the eastern and central Gulf of Mexico until June 30, 2022. In addition, the Bristol Bay area in the North Aleutian Basin in Alaska was withdrawn from consideration through 2017 by the President. CBO estimates that requiring auctions after such restrictions expire would increase gross offsetting receipts by about \$0.2 billion over the 2018–2023 period. Most of that increase is estimated to result from additional leasing activity in the Gulf of Mexico in fiscal year 2023.

CBO estimates that enacting H.R. 2231 would have no effect on proceeds from areas that are included in the current leasing plan for the 2012–2017 period because DOI routinely auctions more than half of the available acreage in those areas. Those areas include the central and western Gulf of Mexico and the Beaufort Sea, Chukchi Sea, and Cook Inlet in the Alaska OCS.

*Receipt Sharing.* H.R. 2231 would authorize certain payments to states affected by OCS activities in areas that would be made available for leasing by this bill and that are outside the central and western planning areas in the Gulf of Mexico. Under H.R. 2231, the percentage of lease payments paid to states would depend on the location and timing of the lease sales. For example, Virginia, South Carolina, and California would receive 37.5 percent of the gross proceeds from the three auctions specified in the bill. Elsewhere, states would receive a 12.5 percent share of the gross proceeds from eligible leases issued under the five-year plan that would take effect in 2015; 25 percent from leases issued under the

<sup>2</sup> CBO's estimate of the receipts from leasing in the Atlantic and Pacific OCS are roughly proportional to the bonus bids that CBO expects will be collected over a comparable period of time for regions in the Central and Western Gulf of Mexico and the Beaufort and Chukchi Seas in Alaska, which are available to be leased under current law and policy. The estimate also assumes that the pace of leasing would be consistent with past trends for areas with undiscovered resources that are geologically dispersed over large areas. Finally, based on the conclusions of a 2011 report sponsored by the American Petroleum Institute, CBO assumes that the amounts paid by bidders per barrel of oil equivalent (BOE) for resources in the Atlantic and Pacific would be about half the amounts expected to be paid for resources in the Arctic National Wildlife Refuge or the Eastern Gulf of Mexico.

subsequent five-year plan; and 37.5 percent from leases issued thereafter.

CBO estimates that the receipt-sharing provisions in H.R. 2231 would increase direct spending by \$0.3 billion over the 2014–2023 period. That estimate reflects CBO’s expectation that such payments would be limited to leases issued in areas that are not included in DOI’s current leasing plan for 2012–2017, such as the Atlantic and Pacific OCS. Under this bill, funds would be disbursed to states the year after receipts are collected.

**Inspection Fees.** H.R. 2231 would direct DOI to collect annual fees to cover the cost of inspecting OCS facilities and drilling operations, subject to certain conditions. The bill would specify the amounts due for various types of activities and would allow DOI to adjust those fees for inflation in future years. Amounts collected under the bill would be deposited in a new fund in the U.S. Treasury and would be available to DOI if appropriated in annual appropriation acts. DOI’s authority to collect the fees would expire at the end of fiscal year 2022.

Based on information from DOI, CBO estimates that collecting the inspection fees in H.R. 2231 would increase offsetting receipts by about \$0.6 billion over the 2014–2022 period, after adjusting for inflation. The appropriation act for fiscal year 2013 authorized DOI to assess and collect similar inspection fees, but that authority expires at the end of this fiscal year. For this estimate, CBO assumes that the inspection fees authorized by H.R. 2231 would take effect in fiscal year 2014 and extend through fiscal year 2022.

#### *Spending subject to appropriation*

CBO estimates that implementing H.R. 2231 would cost about \$40 million over the 2014–2018 period, assuming appropriation of the necessary amounts. Based on spending patterns for similar activities, CBO estimates that DOI would spend about \$32 million over the 2014–2018 period to develop a new five-year plan and complete the environmental, geologic, and economic assessments associated with conducting lease sales in new areas.

In addition, H.R. 2231 would establish two new executive positions at DOI, an Under Secretary and an Assistant Secretary, who would oversee the development of mineral resources on federal lands. The bill also would require the agency to administer drug tests for certain employees who do work related to DOI energy programs. Based on information regarding the salaries for executive positions and support staff within the federal government and the cost of providing drug tests at other federal agencies, CBO estimates that implementing those provisions would cost about \$1 million a year over the 2014–2018 period.

Other provisions would codify organizational changes that were implemented by DOI in 2012, subject to certain modifications. Although the duties of the bureaus created by the bill would be similar to those established under current law, H.R. 2231 would assign different names to two of the three entities. Based on information from DOI on the cost of the previous reorganization, CBO estimates that implementing those name changes would cost a total of about \$3 million over the next five years because the agencies’ websites, regulations, and administrative personnel materials would need to be formally modified.

Finally, CBO estimates that implementing H.R. 2231 would have no significant effect on the discretionary cost of inspecting OCS operations over the 2014–2018 period but would change the budgetary treatment of certain inspection fees. In recent years, the authority for DOI to collect fees for OCS inspections was provided in annual appropriation acts, and the proceeds were netted against the discretionary appropriation. Under H.R. 2231, the proceeds from such fees would be treated as a reduction in direct spending until the fee provisions in the bill expire at end of 2022.

Pay-as-you-go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 2231 AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON JUNE 12, 2013

	By fiscal year, in millions of dollars—										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2023
	NET INCREASE OR DECREASE (–) IN THE DEFICIT										
Statutory Pay-As-You-Go Impact .....	0	– 55	– 70	– 90	– 265	– 190	– 155	– 155	– 155	– 140	– 670
											– 1,515

Intergovernmental and private-sector impact: H.R. 2231 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Kathleen Gramp (OCS leasing activities); Jeff LaFave (DOI reorganization); Impact on State, Local, and Tribal Governments: Melissa Merrill; Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

2. Section 308(a) of Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. CBO estimates that enacting H.R. 2231 would reduce net direct spending by \$1.5 billion over the 2014–2023 period. Pay-as-you-go procedures apply because enacting the legislation would reduce direct spending. In addition, CBO estimates that implementing the bill would cost \$40 million over the 2013–2018 period, assuming appropriation of the necessary amounts. Enacting this bill would not affect revenues.

3. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill, as ordered reported, is to amend the Outer Continental Shelf Lands Act to increase energy exploration and production on the Outer Continental Shelf, provide for equitable revenue sharing for all coastal States, and implement the reorganization of the functions of the former Minerals Management Service into distinct and separate agencies.

#### EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

#### COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

#### COMPLIANCE WITH H. RES. 5

Directed Rule Making. The Chairman estimates that this bill directs the Secretary of the Interior to conduct four rulemakings.

Duplication of Existing Programs. In general, this bill does not directly establish or reauthorize a program of the federal government known to be duplicative of another program. However, this bill does attempt to reorganize and clarify overlapping and conflicting duties of the former Minerals Management Service (MMS) of the Department of the Interior. Several MMS programs that dealt with renewable energy initiatives focusing on wind power were identified in a report by the Government Accountability Office pursuant to section 21 of Public Law 111–139. These include the Bureau of Ocean Energy Management, Regulation and Enforcement environmental studies program and technology assessment

and research program. While not specifically established or reauthorized by this bill, these programs administered by the former MMS will benefit from the statutory reorganization of that agency in H.R. 2231.

In addition, the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) also identified programs overseen by the former MMS as relating to other programs. These include the aforementioned environmental studies program and Coastal Energy Impact Assistance. However, H.R. 2231 does not direct establish or reauthorize these programs but rather will streamline their administration through the statutory reorganization contained in Title IV of the bill, as well as the charge to the Outer Continental Shelf Energy Safety Advisory Board to recommend “how to reduce regulations and administrative actions that are duplicative or unnecessary.”

#### PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

#### CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### OUTER CONTINENTAL SHELF LANDS ACT

\* \* \* \* \*

#### SEC. 2. DEFINITIONS.—When used in this Act—

(a) The term “outer Continental Shelf” means all submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (Public Law 31, Eighty-third Congress, first session), and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control *or lying within the United States exclusive economic zone and the Continental Shelf adjacent to any territory of the United States*;

(b) The term “Secretary” means the Secretary of the Interior, except that with respect to functions under this Act transferred to, or vested in, the Secretary of Energy or the Federal Energy Regulatory Commission by or pursuant to the Department of Energy Organization Act (42 U.S.C. 7101 et seq.), the term “Secretary” means the Secretary of Energy, or the Federal Energy Regulatory Commission, as the case may be;

(c) The term “lease” means any form of authorization which is issued under section 8 or maintained under section 6 of this Act and which authorizes exploration for, and development and production of, minerals;

(d) The term “person” includes, in addition to a natural person, an association, a State, a political subdivision of a State, or a private, public, or municipal corporation;

(e) The term “coastal zone” means the coastal waters (including the lands therein and thereunder) and the adjacent shorelands (in-



cluding the waters therein and thereunder), strongly influenced by each other and in proximity to the shorelines of the several coastal States, and includes islands, transition and intertidal areas, salt marshes, wetlands, and beaches, which zone extends seaward to the outer limit of the United States territorial sea and extends inland from the shorelines to the extent necessary to control shorelands, the uses of which have a direct and significant impact on the coastal waters, and the inward boundaries of which may be identified by the several coastal States, pursuant to the authority of section 305(b)(1) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454(b)(1));

(f) The term “affected State” means, with respect to any program, plan, lease sale, or other activity, proposed, conducted, or approved pursuant to the provisions of this Act, any State—

(1) the laws of which are declared, pursuant to section 4(a)(2) of this Act, to be the law of the United States for the portion of the outer Continental Shelf on which such activity is, or is proposed to be, conducted;

(2) which is, or is proposed to be, directly connected by transportation facilities to any artificial island or structure referred to in section 4(a)(1) of this Act;

(3) which is receiving, or in accordance with the proposed activity will receive, oil for processing, refining, or transshipment which was extracted from the outer Continental Shelf and transported directly to such State by means of vessels or by a combination of means including vessels;

(4) which is designated by the Secretary as a State in which there is a substantial probability of significant impact on or damage to the coastal, marine, or human environment, or a State in which there will be significant changes in the social, governmental, or economic infrastructure, resulting from the exploration, development, and production of oil and gas anywhere on the Outer Continental Shelf; or

(5) in which the Secretary finds that because of such activity there is, or will be, a significant risk of serious damage, due to factors such as prevailing winds and currents, to the marine or coastal environment in the event of any oilspill, blowout, or release of oil or gas from vessels, pipelines, or other transshipment facilities;

(g) The term “marine environment” means the physical, atmospheric, and biological components, conditions, and factors which interactively determine the productivity, state, condition, and quality of the marine ecosystem, including the waters of the high seas, the contiguous zone, transitional and intertidal areas, salt marshes, and wetlands within the coastal zone and on the outer Continental Shelf;

(h) The term “coastal environment” means the physical atmospheric, and biological components, conditions, and factors which interactively determine the productivity, state, condition, and quality of the terrestrial ecosystem from the shoreline inward to the boundaries of the coastal zone;

(i) The term “human environment” means the physical, social, and economic components, conditions, and factors which interactively determine the state, condition, and quality of living condi-

tions, employment, and health of those affected, directly or indirectly, by activities occurring on the outer Continental Shelf;

(j) The term “Governor” means the Governor of a State, or the person or entity designated by, or pursuant to, State law to exercise the powers granted to such Governor pursuant to this Act;

(k) The term “exploration” means the process of searching for minerals, including (1) geophysical surveys where magnetic, gravity, seismic, or other systems are used to detect or imply the presence of such minerals, and (2) any drilling, whether on or off known geological structures, including the drilling of a well in which a discovery of oil or natural gas in paying quantities is made and the drilling of any additional delineation well after such discovery which is needed to delineate any reservoir and to enable the lessee to determine whether to proceed with development and production;

(l) The term “development” means those activities which take place following discovery of minerals in paying quantities, including geophysical activity, drilling, platform construction, and operation of all onshore support facilities, and which are for the purpose of ultimately producing the minerals discovered;

(m) The term “production” means those activities which take place after the successful completion of any means for the removal of minerals, including such removal, field operations, transfer of minerals to shore, operation monitoring, maintenance, and work-over drilling;

(n) The term “antitrust law” means—

- (1) the Sherman Act (15 U.S.C. 1 et seq.);
- (2) the Clayton Act (15 U.S.C. 12 et seq.);
- (3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.);
- (4) the Wilson Tariff Act (15 U.S.C. 8 et seq.); or
- (5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a);

(o) The term “fair market value” means the value of any mineral (1) computed at a unit price equivalent to the average unit price at which such mineral was sold pursuant to a lease during the period for which any royalty or net profit share is accrued or reserved to the United States pursuant to such lease, or (2) if there were no such sales, or if the Secretary finds that there were an insufficient number of such sales to equitably determine such value, computed at the average unit price at which such mineral was sold pursuant to other leases in the same region of the outer Continental Shelf during such period, or (3) if there were no sales of such mineral from such region during such period, or if the Secretary finds that there are an insufficient number of such sales to equitably determine such value, at an appropriate price determined by the Secretary;

(p) The term “major Federal action” means any action or proposal by the Secretary which is subject to the provisions of section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); **[and]**

(q) The term “minerals” includes oil, gas, sulphur, geopressured-geothermal and associated resources, and all other minerals which are authorized by an Act of Congress to be produced from “public lands” as defined in section 103 of the Federal Land Policy and Management Act of 1976~~...~~; *and*

(r) *The term “State” includes each territory of the United States.*

\* \* \* \* \*

SEC. 9. DISPOSITION OF REVENUES.—

(a) *PAYMENT OF NEW LEASING REVENUES TO COASTAL STATES.*—

(1) *IN GENERAL.*—*Except as provided in paragraph (2), of the amount of new leasing revenues received by the United States each fiscal year, 37.5 percent shall be allocated and paid in accordance with subsection (b) to coastal States that are affected States with respect to the leases under which those revenues are received by the United States.*

(2) *PHASE-IN.*—

(A) *IN GENERAL.*—*Except as provided in subparagraph*

(B), *paragraph (1) shall be applied—*

(i) *with respect to new leasing revenues under leases awarded under the first leasing program under section 18(a) that takes effect after the date of enactment of the Offshore Energy and Jobs Act, by substituting “12.5 percent” for “37.5 percent”; and*

(ii) *with respect to new leasing revenues under leases awarded under the second leasing program under section 18(a) that takes effect after the date of enactment of the Offshore Energy and Jobs Act, by substituting “25 percent” for “37.5 percent”.*

(B) *EXEMPTED LEASE SALES.*—*This paragraph shall not apply with respect to any lease issued under title II of the Offshore Energy and Jobs Act.*

(b) *ALLOCATION OF PAYMENTS.*—

(1) *IN GENERAL.*—*The amount of new leasing revenues received by the United States with respect to a leased tract that are required to be paid to coastal States in accordance with this subsection each fiscal year shall be allocated among and paid to coastal States that are within 200 miles of the leased tract, in amounts that are inversely proportional to the respective distances between the point on the coastline of each such State that is closest to the geographic center of the lease tract, as determined by the Secretary.*

(2) *MINIMUM AND MAXIMUM ALLOCATION.*—*The amount allocated to a coastal State under paragraph (1) each fiscal year with respect to a leased tract shall be—*

(A) *in the case of a coastal State that is the nearest State to the geographic center of the leased tract, not less than 25 percent of the total amounts allocated with respect to the leased tract;*

(B) *in the case of any other coastal State, not less than 10 percent, and not more than 15 percent, of the total amounts allocated with respect to the leased tract; and*

(C) *in the case of a coastal State that is the only coastal State within 200 miles of a leased tract, 100 percent of the total amounts allocated with respect to the leased tract.*

(3) *ADMINISTRATION.*—*Amounts allocated to a coastal State under this subsection—*

(A) *shall be available to the coastal State without further appropriation;*

(B) *shall remain available until expended;*

(C) shall be in addition to any other amounts available to the coastal State under this Act; and

(D) shall be distributed in the fiscal year following receipt.

(4) *USE OF FUNDS.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), a coastal State may use funds allocated and paid to it under this subsection for any purpose as determined by the laws of that State.

(B) *RESTRICTION ON USE FOR MATCHING.*—Funds allocated and paid to a coastal State under this subsection may not be used as matching funds for any other Federal program.

(c) *DISPOSITION OF REVENUE UNDER OLD LEASES.*—All rentals, royalties, and other sums paid to the Secretary or the Secretary of the Navy under any lease on the outer Continental Shelf [for the period from June 5, 1950, to date, and thereafter] in the period beginning June 5, 1950, and ending on the date of enactment of the Offshore Energy and Jobs Act shall be deposited in the Treasury of the United States and credited to miscellaneous receipts.

(d) *DEFINITIONS.*—In this section:

(1) *COASTAL STATE.*—The term “coastal State” includes a territory of the United States.

(2) *NEW LEASING REVENUES.*—The term “new leasing revenues”—

(A) means amounts received by the United States as bonuses, rents, and royalties under leases for oil and gas, wind, tidal, or other energy exploration, development, and production on new areas of the outer Continental Shelf that are authorized to be made available for leasing as a result of enactment of the Offshore Energy and Jobs Act and leasing under that Act; and

(B) does not include amounts received by the United States under any lease of an area located in the boundaries of the Central Gulf of Mexico and Western Gulf of Mexico Outer Continental Shelf Planning Areas on the date of enactment of the Offshore Energy and Jobs Act, including a lease issued before, on, or after such date of enactment.

\* \* \* \* \*

SEC. 18. OUTER CONTINENTAL SHELF LEASING PROGRAM.—(a) The Secretary, pursuant to procedures set forth in subsections (c) and (d) of this section, shall prepare and periodically revise, and maintain an oil and gas leasing program to implement the policies of this Act. The leasing program shall consist of a schedule of proposed lease sales indicating, as precisely as possible, the size, timing, and location of leasing activity which he determines will best meet national energy needs for the five-year period following its approval or reapproval. Such leasing program shall be prepared and maintained in a manner consistent with the following principles:

(1) Management of the outer Continental Shelf shall be conducted in a manner which considers economic, social, and environmental values of the renewable and nonrenewable resources contained in the outer Continental Shelf, and the potential impact of oil and gas exploration on other resource values of the

outer Continental Shelf and the marine, coastal, and human environments.

(2) Timing and location of exploration, development, and production of oil and gas among the oil- and gas-bearing physiographic regions of the outer Continental Shelf shall be based on a consideration of—

(A) existing information concerning the geographical, geological, and ecological characteristics of such regions;

(B) an equitable sharing of developmental benefits and environmental risks among the various regions;

(C) the location of such regions with respect to, and the relative needs of, regional and national energy markets;

(D) the location of such regions with respect to other uses of the sea and seabed, including fisheries, navigation, existing or proposed sealanes, potential sites of deepwater ports, and other anticipated uses of the resources and space of the outer Continental Shelf;

(E) the interest of potential oil and gas producers in the development of oil and gas resources as indicated by exploration or nomination;

(F) laws, goals, and policies of affected States which have been specifically identified by the Governors of such States as relevant matters for the Secretary's consideration;

(G) the relative environmental sensitivity and marine productivity of different areas of the outer Continental Shelf; and

(H) relevant environmental and predictive information for different areas of the outer Continental Shelf.

(3) The Secretary shall select the timing and location of leasing, to the maximum extent practicable, so as to obtain a proper balance between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone.

(4) Leasing activities shall be conducted to assure receipt of fair market value for the lands leased and the rights conveyed by the Federal Government.

*(5)(A) In each oil and gas leasing program under this section, the Secretary shall make available for leasing and conduct lease sales including at least 50 percent of the available unleased acreage within each outer Continental Shelf planning area considered to have the largest undiscovered, technically recoverable oil and gas resources (on a total btu basis) based upon the most recent national geologic assessment of the outer Continental Shelf, with an emphasis on offering the most geologically prospective parts of the planning area.*

*(B) The Secretary shall include in each proposed oil and gas leasing program under this section any State subdivision of an outer Continental Shelf planning area that the Governor of the State that represents that subdivision requests be made available for leasing. The Secretary may not remove such a subdivision from the program until publication of the final program.*

*(C) In this paragraph the term "available unleased acreage" means that portion of the outer Continental Shelf that is not*

*under lease at the time of a proposed lease sale, and that has not otherwise been made unavailable for leasing by law.*

*(6)(A) In the 5-year oil and gas leasing program, the Secretary shall make available for leasing any outer Continental Shelf planning areas that—*

*(i) are estimated to contain more than 2,500,000,000 barrels of oil; or*

*(ii) are estimated to contain more than 7,500,000,000,000 cubic feet of natural gas.*

*(B) To determine the planning areas described in subparagraph (A), the Secretary shall use the document entitled “Minerals Management Service Assessment of Undiscovered Technically Recoverable Oil and Gas Resources of the Nation’s Outer Continental Shelf, 2006”.*

**[(b) The leasing program shall include estimates of the appropriations and staff required to—**

**[(1) obtain resource information and any other information needed to prepare the leasing program required by this section;**

**[(2) analyze and interpret the exploratory data and any other information which may be compiled under the authority of this Act;**

**[(3) conduct environmental studies and prepare any environmental impact statement required in accordance with this Act and with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)); and**

**[(4) supervise operations conducted pursuant to each lease in the manner necessary to assure due diligence in the exploration and development of the lease area and compliance with the requirement of applicable laws and regulations, and with the terms of the lease.]]**

**(b) DOMESTIC OIL AND NATURAL GAS PRODUCTION GOAL.—**

*(1) IN GENERAL.—In developing a 5-year oil and gas leasing program, and subject to paragraph (2), the Secretary shall determine a domestic strategic production goal for the development of oil and natural gas as a result of that program. Such goal shall be—*

*(A) the best estimate of the possible increase in domestic production of oil and natural gas from the outer Continental Shelf;*

*(B) focused on meeting domestic demand for oil and natural gas and reducing the dependence of the United States on foreign energy; and*

*(C) focused on the production increases achieved by the leasing program at the end of the 15-year period beginning on the effective date of the program.*

**(2) PROGRAM GOAL.—For purposes of the 5-year oil and gas leasing program, the production goal referred to in paragraph**

**(1) shall be an increase by 2032 of—**

*(A) no less than 3,000,000 barrels in the amount of oil produced per day; and*

*(B) no less than 10,000,000,000 cubic feet in the amount of natural gas produced per day.*

**(3) REPORTING.—The Secretary shall report annually, beginning at the end of the 5-year period for which the program applies, to the Committee on Natural Resources of the House of**

*Representatives and the Committee on Energy and Natural Resources of the Senate on the progress of the program in meeting the production goal. The Secretary shall identify in the report projections for production and any problems with leasing, permitting, or production that will prevent meeting the goal.*

(c)(1) During the preparation of any proposed leasing program under this section, the Secretary shall invite and consider suggestions for such program from any interested Federal agency, including the Attorney General, in consultation with the Federal Trade Commission, and from the Governor of any State which may become an affected State under such proposed program. The Secretary may also invite or consider any suggestions from the executive of any affected local government in such an affected State, which have been previously submitted to the Governor of such State, and from any other person.

(2) After such preparation and at least sixty days prior to publication of a proposed leasing program in the Federal Register pursuant to paragraph (3) of this subsection, the Secretary shall submit a copy of such proposed program to the Governor of each affected State for review and comment. The Governor may solicit comments from those executives of local governments in his State which he, in his discretion, determines will be affected by the proposed program. If any comment by such Governor is received by the Secretary at least fifteen days prior to submission to the Congress pursuant to such paragraph (3) and includes a request for any modification of such proposed program, the Secretary shall reply in writing, granting or denying such request in whole or in part, or granting such request in such modified form as the Secretary considers appropriate, and stating his reasons therefor. All such correspondence between the Secretary and Governor of any affected State, together with any additional information and data relating thereto, shall accompany such proposed program when it is submitted to the Congress.

(3) Within nine months after the date of enactment of this section, the Secretary shall submit a proposed leasing program to the Congress, the Attorney General, and the Governors of affected States, and shall publish such proposed program in the Federal Register. Each Governor shall, upon request, submit a copy of the proposed leasing program to the executive of any local government affected by the proposed program.

(d)(1) Within ninety days after the date of publication of a proposed leasing program, the Attorney General may, after consultation with the Federal Trade Commission, submit comments on the anticipated effects of such proposed program upon competition. Any State, local government, or other person may submit comments and recommendations as to any aspect of such proposed program.

(2) At least sixty days prior to approving a proposed leasing program, the Secretary shall submit it to the President and the Congress, together with any comments received. Such submission shall indicate why any specific recommendation of the Attorney General or a State or local government was not accepted.

(3) After the leasing program has been approved by the Secretary, [or after eighteen months following the date of enactment of this section, whichever first occurs,] no lease shall be issued unless it is for an area included in the approved leasing program and

unless it contains provisions consistent with the approved leasing program, except that leasing shall be permitted to continue until such program is approved and for so long thereafter as such program is under judicial or administrative review pursuant to the provisions of this Act.

(e) The Secretary shall review the leasing program approved under this section at least once each year. He may revise and reapprove such program, at any time, and such revision and reapproval, except in the case of a revision which is not significant, shall be in the same manner as originally developed.

(f) The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of nominations for any area to be offered for lease or to be excluded from leasing;

(2) public notice of and participation in development of the leasing program;

(3) review by State and local governments which may be impacted by the proposed leasing;

(4) periodic consultation with State and local governments, oil and gas lessees and permittees, and representatives of other individuals or organizations engaged in activity in or on the outer Continental Shelf, including those involved in fish and shellfish recovery, and recreational activities; and

(5) consideration of the coastal zone management program being developed or administered by an affected coastal State pursuant to section 305 or section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1454, 1455).

Such procedures shall be applicable to any significant revision or reapproval of the leasing program.

(g) The Secretary may obtain from public sources, or purchase from private sources, any survey, data, report, or other information (including interpretations of such data, survey, report, or other information) which may be necessary to assist him in preparing any environmental impact statement and in making other evaluations required by this Act. Data of a classified nature provided to the Secretary under the provisions of this subsection shall remain confidential for such period of time as agreed to by the head of the department or agency from whom the information is requested. The Secretary shall maintain the confidentiality of all privileged or proprietary data or information for such period of time as is provided for in this Act, established by regulation, or agreed to by the parties.

(h) The heads of all Federal departments and agencies shall provide the Secretary with any nonprivileged or nonproprietary information he requests to assist him in preparing the leasing program and may provide the Secretary with any privileged or proprietary information he requests to assist him in preparing the leasing program. Privileged or proprietary information provided to the Secretary under the provisions of this subsection shall remain confidential for such period of time as agreed to by the head of the department or agency from whom the information is requested. In addition, the Secretary shall utilize the existing capabilities and resources of such Federal departments and agencies by appropriate agreement.

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SEC. 22. ENFORCEMENT.—(a) The Secretary, the Secretary of the Department in which the Coast Guard is operating, and the Secretary of the Army shall enforce safety and environmental regulations promulgated pursuant to this Act. Each such Federal department may by agreement utilize, with or without reimbursement, the services, personnel, or facilities of other Federal departments and agencies for the enforcement of their respective regulations.

(b) It shall be the duty of any holder of a lease or permit under this Act to—

(1) maintain all places of employment within the lease area or within the area covered by such permit in compliance with occupational safety and health standards and, in addition, free from recognized hazards to employees of the lease holder or permit holder or of any contractor or subcontractor operating within such lease area or within the area covered by such permit on the outer Continental Shelf;

(2) maintain all operations within such lease area or within the area covered by such permit in compliance with regulations intended to protect persons, property, and the environment on the outer Continental Shelf; and

(3) allow prompt access, at the site of any operation subject to safety regulations, to any inspector, and to provide such documents and records which are pertinent to occupational or public health, safety, or environmental protection, as may be requested.

(c) The Secretary and the Secretary of the Department in which the Coast Guard is operating shall individually, or jointly if they so agree, promulgate regulations to provide for—

(1) scheduled onsite inspection, at least once a year, of each facility on the outer Continental Shelf which is subject to any environmental or safety regulation promulgated pursuant to this Act, which inspection shall include all safety equipment designed to prevent or ameliorate blowouts, fires, spillages, or other major accidents; and

(2) periodic onsite inspection without advance notice to the operator of such facility to assure compliance with such environmental or safety regulations.

(d)(1) The Secretary or the Secretary of the Department in which the Coast Guard is operating shall make an investigation and public report on each major fire and each major oil spillage occurring as a result of operations conducted pursuant to this Act, and may, in his discretion, make an investigation and report of lesser oil spillages. For purposes of this subsection, a major oil spillage is any spillage in one instance of more than two hundred barrels of oil during a period of thirty days. All holders of leases or permits issued or maintained under this Act shall cooperate with the appropriate Secretary in the course of any such investigation.

(2) The Secretary or the Secretary of the Department in which the Coast Guard is operating shall make an investigation and public report on any death or serious injury occurring as a result of operations conducted pursuant to this Act, and may, in his discretion, make an investigation and report of any injury. For purposes of this subsection, a serious injury is one resulting in substantial impairment of any bodily unit or function. All holders of leases or

permits issued or maintained under this Act shall cooperate with the appropriate Secretary in the course of any such investigation.

(e) The Secretary, or, in the case of occupational safety and health, the Secretary of the Department in which the Coast Guard is operating, may review any allegation from any person of the existence of a violation of a safety regulation issued under this Act.

(f) In any investigation conducted pursuant to this section, the Secretary or the Secretary of the Department in which the Coast Guard is operating shall have power to summon witnesses and to require the production of books, papers, documents, and any other evidence. Attendance of witnesses or the production of books, papers, documents, or any other evidence shall be compelled by a similar process, as in the district courts of the United States. Such Secretary, or his designee, shall administer all necessary oaths to any witnesses summoned before such investigation.

(g) *INSPECTION FEES.*—

(1) *ESTABLISHMENT.*—*The Secretary of the Interior shall collect from the operators of facilities subject to inspection under subsection (c) non-refundable fees for such inspections—*

(A) *at an aggregate level equal to the amount necessary to offset the annual expenses of inspections of outer Continental Shelf facilities (including mobile offshore drilling units) by the Department of the Interior; and*

(B) *using a schedule that reflects the differences in complexity among the classes of facilities to be inspected.*

(2) *OCEAN ENERGY SAFETY FUND.*—*There is established in the Treasury a fund, to be known as the “Ocean Energy Enforcement Fund” (referred to in this subsection as the “Fund”), into which shall be deposited all amounts collected as fees under paragraph (1) and which shall be available as provided under paragraph (3).*

(3) *AVAILABILITY OF FEES.*—

(A) *IN GENERAL.*—*Notwithstanding section 3302 of title 31, United States Code, all amounts deposited in the Fund—*

(i) *shall be credited as offsetting collections;*

(ii) *shall be available for expenditure for purposes of carrying out inspections of outer Continental Shelf facilities (including mobile offshore drilling units) and the administration of the inspection program under this section;*

(iii) *shall be available only to the extent provided for in advance in an appropriations Act; and*

(iv) *shall remain available until expended.*

(B) *USE FOR FIELD OFFICES.*—*Not less than 75 percent of amounts in the Fund may be appropriated for use only for the respective Department of the Interior field offices where the amounts were originally assessed as fees.*

(4) *INITIAL FEES.*—*Fees shall be established under this subsection for the fiscal year in which this subsection takes effect and the subsequent 10 years, and shall not be raised without advise and consent of the Congress, except as determined by the Secretary to be appropriate as an adjustment equal to the percentage by which the Consumer Price Index for the month of June of the calendar year preceding the adjustment exceeds the*

*Consumer Price Index for the month of June of the calendar year in which the claim was determined or last adjusted.*

(5) *ANNUAL FEES.*—Annual fees shall be collected under this subsection for facilities that are above the waterline, excluding drilling rigs, and are in place at the start of the fiscal year. Fees for fiscal year 2013 shall be—

(A) \$10,500 for facilities with no wells, but with processing equipment or gathering lines;

(B) \$17,000 for facilities with 1 to 10 wells, with any combination of active or inactive wells; and

(C) \$31,500 for facilities with more than 10 wells, with any combination of active or inactive wells.

(6) *FEES FOR DRILLING RIGS.*—Fees for drilling rigs shall be assessed under this subsection for all inspections completed in fiscal years 2013 through 2022. Fees for fiscal year 2013 shall be—

(A) \$30,500 per inspection for rigs operating in water depths of 1,000 feet or more; and

(B) \$16,700 per inspection for rigs operating in water depths of less than 1,000 feet.

(7) *BILLING.*—The Secretary shall bill designated operators under paragraph (5) within 60 days after the date of the inspection, with payment required within 30 days of billing. The Secretary shall bill designated operators under paragraph (6) within 30 days of the end of the month in which the inspection occurred, with payment required within 30 days after billing.

(8) *SUNSET.*—No fee may be collected under this subsection for any fiscal year after fiscal year 2022.

(9) *ANNUAL REPORTS.*—

(A) *IN GENERAL.*—Not later than 60 days after the end of each fiscal year beginning with fiscal year 2013, the Secretary shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives a report on the operation of the Fund during the fiscal year.

(B) *CONTENTS.*—Each report shall include, for the fiscal year covered by the report, the following:

(i) A statement of the amounts deposited into the Fund.

(ii) A description of the expenditures made from the Fund for the fiscal year, including the purpose of the expenditures and the additional hiring of personnel.

(iii) A statement of the balance remaining in the Fund at the end of the fiscal year.

(iv) An accounting of pace of permit approvals.

(v) If fee increases are proposed after the initial 10-year period referred to in paragraph (5), a proper accounting of the potential adverse economic impacts such fee increases will have on offshore economic activity and overall production, conducted by the Secretary.

(vi) Recommendations to increase the efficacy and efficiency of offshore inspections.

(vii) *Any corrective actions levied upon offshore inspectors as a result of any form of misconduct.*

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## TITLE 5, UNITED STATES CODE

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## PART III—EMPLOYEES

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## SUBPART D—PAY AND ALLOWANCES

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## CHAPTER 53—PAY RATES AND SYSTEMS

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## SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

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### § 5314. Positions at level III

Level III of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Solicitor General of the United States.

Under Secretary of Commerce, Under Secretary of Commerce for Economic Affairs, Under Secretary of Commerce for Export Administration, and Under Secretary of Commerce for Travel and Tourism.

Under Secretaries of State (6).

Under Secretaries of the Treasury (3).

*Under Secretary for Energy, Lands, and Minerals, Department of the Interior.*

Administrator of General Services.

Administrator of the Small Business Administration.

Deputy Administrator, Agency for International Development.

Chairman of the Merit Systems Protection Board.

Chairman, Federal Communications Commission.

Chairman, Board of Directors, Federal Deposit Insurance Corporation.

Chairman, Federal Energy Regulatory Commission.

Chairman, Federal Trade Commission.

Chairman, Surface Transportation Board.

Chairman, National Labor Relations Board.

Chairman, Securities and Exchange Commission.

Chairman, National Mediation Board.

Chairman, Railroad Retirement Board.

Chairman, Federal Maritime Commission.

Comptroller of the Currency.

Commissioner of Internal Revenue.  
 Under Secretary of Defense for Policy.  
 Under Secretary of Defense (Comptroller).  
 Under Secretary of Defense for Personnel and Readiness.  
 Under Secretary of Defense for Intelligence.  
 Deputy Chief Management Officer of the Department of Defense.  
 Under Secretary of the Air Force.  
 Under Secretary of the Army.  
 Under Secretary of the Navy.  
 Deputy Administrator of the National Aeronautics and Space Administration.  
 Deputy Director of the Central Intelligence Agency.  
 Director of the Office of Emergency Planning.  
 Director of the Peace Corps.  
 Deputy Director, National Science Foundation.  
 President of the Export-Import Bank of Washington.  
 Members, Nuclear Regulatory Commission.  
 Members, Defense Nuclear Facilities Safety Board.  
 Director of the Federal Bureau of Investigation, Department of Justice.  
 Administrator of the National Highway Traffic Safety Administration.  
 Administrator of the Federal Motor Carrier Safety Administration.  
 Administrator, Federal Railroad Administration.  
 Chairman, National Transportation Safety Board.  
 Chairman of the National Endowment for the Arts the incumbent of which also serves as Chairman of the National Council on the Arts.  
 Chairman of the National Endowment for the Humanities.  
 Director of the Federal Mediation and Conciliation Service.  
 Federal Transit Administrator.  
 President, Overseas Private Investment Corporation.  
 Chairman, Postal Regulatory Commission.  
 Chairman, Occupational Safety and Health Review Commission.  
 Governor of the Farm Credit Administration.  
 Chairman, Equal Employment Opportunity Commission.  
 Chairman, Consumer Product Safety Commission.  
 Under Secretaries of Energy (3).  
 Chairman, Commodity Futures Trading Commission.  
 Deputy United States Trade Representatives (3).  
 Chief Agricultural Negotiator.  
 Chairman, United States International Trade Commission.  
 Under Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Administrator of the National Oceanic and Atmospheric Administration.  
 Under Secretary of Commerce for Standards and Technology, who also serves as Director of the National Institute of Standards and Technology.  
 Associate Attorney General.  
 Chairman, Federal Mine Safety and Health Review Commission.  
 Chairman, National Credit Union Administration Board.

Deputy Director of the Office of Personnel Management.  
 Under Secretary of Agriculture for Farm and Foreign Agricultural Services.  
 Under Secretary of Agriculture for Food, Nutrition, and Consumer Services.  
 Under Secretary of Agriculture for Natural Resources and Environment.  
 Under Secretary of Agriculture for Research, Education, and Economics.  
 Under Secretary of Agriculture for Food Safety.  
 Under Secretary of Agriculture for Marketing and Regulatory Programs.  
 Director, Institute for Scientific and Technological Cooperation.  
 Under Secretary of Agriculture for Rural Development.  
 Administrator, Maritime Administration.  
 Executive Director Property Review Board.  
 Deputy Administrator of the Environmental Protection Agency.  
 Archivist of the United States.  
 Executive Director, Federal Retirement Thrift Investment Board.  
 Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics.  
 Director, Trade and Development Agency.  
 Under Secretary for Health, Department of Veterans Affairs.  
 Under Secretary for Benefits, Department of Veterans Affairs.  
 Under Secretary for Memorial Affairs, Department of Veterans Affairs.  
 Under Secretaries, Department of Homeland Security.  
 Director of the Bureau of Citizenship and Immigration Services.  
 Director of the Office of Government Ethics.  
 Administrator for Federal Procurement Policy.  
 Administrator, Office of Information and Regulatory Affairs, Office of Management and Budget.  
 Director of the Office of Thrift Supervision.  
 Chairperson of the Federal Housing Finance Board.  
 Executive Secretary, National Space Council.  
 Controller, Office of Federal Financial Management, Office of Management and Budget.  
 Administrator, Research and Innovative Technology Administration.  
 Deputy Director for Demand Reduction, Office of National Drug Control Policy.  
 Deputy Director for Supply Reduction, Office of National Drug Control Policy.  
 Deputy Director for State and Local Affairs, Office of National Drug Control Policy.  
 Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.  
 Register of Copyrights.  
 Commissioner of Customs, Department of Homeland Security.

Under Secretary of Education  
 Administrator of the Centers for Medicare & Medicaid Services.  
 Administrator of the Office of Electronic Government.  
 Administrator, Pipeline and Hazardous Materials Safety Administration.  
 Director, Pension Benefit Guaranty Corporation.  
 Deputy Administrators, Federal Emergency Management Agency.  
 Chief Executive Officer, International Clean Energy Foundation.  
 Independent Member of the Financial Stability Oversight Council (1).  
 Director of the Office of Financial Research.

#### **§ 5315. Positions at level IV**

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Deputy Administrator of General Services.  
 Associate Administrator of the National Aeronautics and Space Administration.  
 Assistant Administrators, Agency for International Development (6).  
 Regional Assistant Administrators, Agency for International Development (4).  
 Assistant Secretaries of Agriculture (3).  
 Assistant Secretaries of Commerce (11).  
 Assistant Secretaries of Defense (16).  
 Assistant Secretaries of the Air Force (4).  
 Assistant Secretaries of the Army (5).  
 Assistant Secretaries of the Navy (4).  
 Assistant Secretaries of Health and Human Services (6).  
 [Assistant Secretaries of the Interior (6).]  
*Assistant Secretaries, Department of the Interior (7).*  
 Assistant Attorneys General (11).  
 Assistant Secretaries of Labor (10), one of whom shall be the Assistant Secretary of Labor for Veterans' Employment and Training.  
 Assistant Secretaries of State (24) and 4 other State Department officials to be appointed by the President, by and with the advice and consent of the Senate.  
 Assistant Secretaries of the Treasury (10).  
 Members, United States International Trade Commission (5).  
 Assistant Secretaries of Education (10).  
 General Counsel, Department of Education.  
 Director of Civil Defense, Department of the Army.  
 Deputy Director of the Office of Emergency Planning.  
 Deputy Director of the Office of Science and Technology.  
 Deputy Director of the Peace Corps.  
 Assistant Directors of the Office of Management and Budget (3).  
 General Counsel of the Department of Agriculture.  
 General Counsel of the Department of Commerce.

General Counsel of the Department of Defense.  
 General Counsel of the Department of Health and Human Services.  
 Solicitor of the Department of the Interior.  
 Solicitor of the Department of Labor.  
 General Counsel of the National Labor Relations Board.  
 General Counsel of the Department of the Treasury.  
 First Vice President of the Export-Import Bank of Washington.  
 Members, Council of Economic Advisers.  
 Members, Board of Directors of the Export-Import Bank of Washington.  
 Members, Federal Communications Commission.  
 Member, Board of Directors of the Federal Deposit Insurance Corporation.  
 Directors, Federal Housing Finance Board.  
 Members, Federal Energy Regulatory Commission.  
 Members, Federal Trade Commission.  
 Members, Surface Transportation Board.  
 Members, National Labor Relations Board.  
 Members, Securities and Exchange Commission.  
 Members, Merit Systems Protection Board.  
 Members, Federal Maritime Commission.  
 Members, National Mediation Board.  
 Members, Railroad Retirement Board.  
 Director of Selective Service.  
 Associate Director of the Federal Bureau of Investigation, Department of Justice.  
 Members, Equal Employment Opportunity Commission (4).  
 Director, Community Relations Service.  
 Members, National Transportation Safety Board.  
 General Counsel, Department of Transportation.  
 Deputy Administrator, Federal Aviation Administration.  
 Assistant Secretaries of Transportation (4).  
 Deputy Federal Highway Administrator.  
 Administrator of the Saint Lawrence Seaway Development Corporation.  
 Assistant Secretary for Science, Smithsonian Institution.  
 Assistant Secretary for History and Art, Smithsonian Institution.  
 Deputy Administrator of the Small Business Administration.  
 Assistant Secretaries of Housing and Urban Development (8).  
 General Counsel of the Department of Housing and Urban Development.  
 Commissioner of Interama.  
 Federal Insurance Administrator, Federal Emergency Management Agency.  
 Executive Vice President, Overseas Private Investment Corporation.  
 Members, National Credit Union Administration Board (2).  
 Members, Postal Regulatory Commission (4).  
 Members, Occupational Safety and Health Review Commission.



Deputy Under Secretaries of the Treasury (or Assistant Secretaries of the Treasury) (2).

Members, Consumer Product Safety Commission (4).

Members, Commodity Futures Trading Commission.

Director of Nuclear Reactor Regulation, Nuclear Regulatory Commission.

Director of Nuclear Material Safety and Safeguards, Nuclear Regulatory Commission.

Director of Nuclear Regulatory Research, Nuclear Regulatory Commission.

Executive Director for Operations, Nuclear Regulatory Commission.

President, Government National Mortgage Association, Department of Housing and Urban Development.

Assistant Secretary of Commerce for Oceans and Atmosphere, the incumbent of which also serves as Deputy Administrator of the National Oceanic and Atmospheric Administration.

Director, Bureau of Prisons, Department of Justice.

Assistant Secretaries of Energy (8).

General Counsel of the Department of Energy.

Administrator, Economic Regulatory Administration, Department of Energy.

Administrator, Energy Information Administration, Department of Energy.

Director, Office of Indian Energy Policy and Programs, Department of Energy.

Director, Office of Science, Department of Energy.

Assistant Secretary of Labor for Mine Safety and Health.

Members, Federal Mine Safety and Health Review Commission.

President, National Consumer Cooperative Bank.

Special Counsel of the Merit Systems Protection Board.

Chairman, Federal Labor Relations Authority.

Assistant Secretaries, Department of Homeland Security.

General Counsel, Department of Homeland Security.

Officer for Civil Rights and Civil Liberties, Department of Homeland Security.

Chief Financial Officer, Department of Homeland Security.

Chief Information Officer, Department of Homeland Security.

Deputy Director, Institute for Scientific and Technological Cooperation.

Director of the National Institute of Justice.

Director of the Bureau of Justice Statistics.

Chief Counsel for Advocacy, Small Business Administration.

Assistant Administrator for Toxic Substances, Environmental Protection Agency.

Assistant Administrator, Office of Solid Waste, Environmental Protection Agency.

Assistant Administrators, Environmental Protection Agency (8).

Director of Operational Test and Evaluation, Department of Defense.

Director of Cost Assessment and Program Evaluation, Department of Defense.

Special Representatives of the President for arms control, nonproliferation, and disarmament matters, Department of State.

Ambassadors at Large.

Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.

Assistant Secretaries, Department of Veterans Affairs (7).

General Counsel, Department of Veterans Affairs.

Commissioner of Food and Drugs, Department of Health and Human Services

Chairman, Board of Veterans' Appeals.

Administrator, Office of Juvenile Justice and Delinquency Prevention.

Director, United States Marshals Service.

Chairman, United States Parole Commission.

Director, Bureau of the Census, Department of Commerce.

Director of the Institute of Museum and Library Services.

Chief Financial Officer, Department of Agriculture.

Chief Financial Officer, Department of Commerce.

Chief Financial Officer, Department of Education.

Chief Financial Officer, Department of Energy.

Chief Financial Officer, Department of Health and Human Services.

Chief Financial Officer, Department of Housing and Urban Development.

Chief Financial Officer, Department of the Interior.

Chief Financial Officer, Department of Justice.

Chief Financial Officer, Department of Labor.

Chief Financial Officer, Department of State.

Chief Financial Officer, Department of Transportation.

Chief Financial Officer, Department of the Treasury.

Chief Financial Officer, Department of Veterans Affairs.

Chief Financial Officer, Environmental Protection Agency.

Chief Financial Officer, National Aeronautics and Space Administration.

Commissioner, Office of Navajo and Hopi Indian Relocation.

Principal Deputy Under Secretary of Defense for Policy.

Principal Deputy Under Secretary of Defense for Personnel and Readiness.

Principal Deputy Under Secretary of Defense (Comptroller).

Principal Deputy Under Secretary of Defense for Intelligence.

General Counsel of the Department of the Army.

General Counsel of the Department of the Navy.

General Counsel of the Department of the Air Force.

Liaison for Community and Junior Colleges, Department of Education.

Director of the Office of Educational Technology.

Director of the International Broadcasting Bureau.

The Commissioner of Labor Statistics, Department of Labor.

Administrator, Rural Utilities Service, Department of Agriculture.

Chief Information Officer, Department of Agriculture.

Chief Information Officer, Department of Commerce.  
 Chief Information Officer, Department of Defense (unless the official designated as the Chief Information Officer of the Department of Defense is an official listed under section 5312, 5313, or 5314 of this title).  
 Chief Information Officer, Department of Education.  
 Chief Information Officer, Department of Energy.  
 Chief Information Officer, Department of Health and Human Services.  
 Chief Information Officer, Department of Housing and Urban Development.  
 Chief Information Officer, Department of the Interior.  
 Chief Information Officer, Department of Justice.  
 Chief Information Officer, Department of Labor.  
 Chief Information Officer, Department of State.  
 Chief Information Officer, Department of Transportation.  
 Chief Information Officer, Department of the Treasury.  
 Chief Information Officer, Department of Veterans Affairs.  
 Chief Information Officer, Environmental Protection Agency.  
 Chief Information Officer, National Aeronautics and Space Administration.  
 Chief Information Officer, Agency for International Development.  
 Chief Information Officer, Federal Emergency Management Agency.  
 Chief Information Officer, General Services Administration.  
 Chief Information Officer, National Science Foundation.  
 Chief Information Officer, Nuclear Regulatory Agency.  
 Chief Information Officer, Office of Personnel Management.  
 Chief Information Officer, Small Business Administration.  
 Chief Information Officer of the Intelligence Community.  
 General Counsel of the Central Intelligence Agency.  
 Principal Deputy Administrator, National Nuclear Security Administration.  
 Additional Deputy Administrators of the National Nuclear Security Administration (3), but if the Deputy Administrator for Naval Reactors is an officer of the Navy on active duty, (2).  
 Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office.  
 General Counsel of the Office of the Director of National Intelligence.  
 Chief Medical Officer, Department of Homeland Security.

#### **§ 5316. Positions at level V**

Level V of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Administrator, Bonneville Power Administration, Department of the Interior.  
 Administrator of the National Capital Transportation Agency.  
 Associate Administrators of the Small Business Administration (4).

Associate Administrators, National Aeronautics and Space Administration (7).

Associate Deputy Administrator, National Aeronautics and Space Administration.

Deputy Associate Administrator, National Aeronautics and Space Administration.

Archivist of the United States.

Assistant Secretary of Health and Human Services for Administration.

Assistant Attorney General for Administration.

Assistant and Science Adviser to the Secretary of the Interior.

Chairman, Foreign Claims Settlement Commission of the United States, Department of Justice.

Chairman of the Renegotiation Board.

Chairman of the Subversive Activities Control Board.

Chief Counsel for the Internal Revenue Service, Department of the Treasury.

Commissioner, Federal Acquisition Service, General Services Administration.

Director, United States Fish and Wildlife Service, Department of the Interior.

Commissioner of Indian Affairs, Department of the Interior.

Commissioners, Indian Claims Commission (5).

Commissioner, Public Buildings Service, General Services Administration.

Commissioner of Reclamation, Department of the Interior.

Commissioner of Vocational Rehabilitation, Department of Health and Human Services.

Commissioner of Welfare, Department of Health and Human Services.

**[Director, Bureau of Mines, Department of the Interior.]**

*Director, Bureau of Ocean Energy, Department of the Interior.*

*Director, Ocean Energy Safety Service, Department of the Interior.*

*Director, Office of Natural Resources Revenue, Department of the Interior.*

Director, Geological Survey, Department of the Interior.

Deputy Commissioner of Internal Revenue, Department of the Treasury.

Associate Director of the Federal Mediation and Conciliation Service.

Associate Director for Volunteers, Peace Corps.

Associate Director for Program Development and Operations, Peace Corps.

Assistants to the Director of the Federal Bureau of Investigation, Department of Justice (2).

Assistant Directors, Office of Emergency Planning (3).

Fiscal Assistant Secretary of the Treasury.

General Counsel of the Agency for International Development.

General Counsel of the Nuclear Regulatory Commission.

General Counsel of the National Aeronautics and Space Administration.

Manpower Administrator, Department of Labor.

Members, Renegotiation Board.  
 Members, Subversive Activities Control Board.  
 Assistant Administrator of General Services.  
 Director, United States Travel Service, Department of Commerce.  
 Administrator, Wage and Hour and Public Contracts Division, Department of Labor.  
 Assistant Director (Program Planning, Analysis and Research), Office of Economic Opportunity.  
 Deputy Director, National Security Agency.  
 Director, Bureau of Land Management, Department of the Interior.  
 Director, National Park Service, Department of the Interior.  
 National Export Expansion Coordinator, Department of Commerce.  
 Staff Director, Commission on Civil Rights.  
 Assistant Secretary for Administration, Department of Transportation.  
 Director, United States National Museum, Smithsonian Institution.  
 Director, Smithsonian Astrophysical Observatory, Smithsonian Institution.  
 Administrator of the Environmental Science Services Administration.  
 Associate Directors of the Office of Personnel Management (5).  
 Assistant Federal Highway Administrator.  
 Deputy Administrator of the National Highway Traffic Safety Administration.  
 Deputy Administrator of the Federal Motor Carrier Safety Administration.  
 Assistant Federal Motor Carrier Safety Administrator.  
 Director, Bureau of Narcotics and Dangerous Drugs, Department of Justice.  
 Vice Presidents, Overseas Private Investment Corporation (3).  
 Deputy Administrator, Federal Transit Administration, Department of Transportation.  
 General Counsel of the Equal Employment Opportunity Commission.  
 Executive Director, Advisory Council on Historic Preservation.  
 Additional Officers, Department of Energy (14).  
 Additional officers, Nuclear Regulatory Commission (5).  
 Assistant Administrator for Coastal Zone Management, National Oceanic and Atmospheric Administration.  
 Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration.  
 Assistant Administrators (3), National Oceanic and Atmospheric Administration.  
 General Counsel, National Oceanic and Atmospheric Administration.  
 Members, Federal Labor Relations Authority (2) and its General Counsel.

Additional officers, Institute for Scientific and Technological Cooperation (2).

Additional officers, Office of Management and Budget (6).

Associate Deputy Secretary, Department of Transportation.

Chief Scientist, National Oceanic and Atmospheric Administration.

Director, Indian Health Service, Department of Health and Human Services.

Commissioners, United States Parole Commission (8).

Commissioner, Administration on Children, Youth, and Families.

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## DISSENTING VIEWS

We oppose H.R. 2231 because it would allow Big Oil to put drilling rigs off our beaches in California and every state on the East Coast from Maine to South Carolina. It would open up 80 percent of the areas off of Alaska and require drilling in important fisheries and sensitive environments like Bristol Bay and the Arctic Ocean; all without enacting key drilling safety reforms following the BP Deepwater Horizon oil spill disaster.

H.R. 2231 is bad policy worked through a bad process. The legislative hearing on the bill was completed less than 24 hours before the markup. The short notice provided by the Majority for legislative hearings on this bill has prevented the Committee from even receiving testimony from the Interior Department on this legislation. After this rushed process, the bill will enjoy the same fate as the many irresponsible drilling bills the Majority has rammed through this Committee over the last two and a half years: it will head over to the Senate where it will be dead on arrival.

We need to legislate based on reality. Domestic oil production is at a 20-year high and natural gas production is at an all-time high. Domestic production is projected to keep rising. We are likely to surpass Saudi Arabia as the world's largest oil producer in just 7 years. These shifts are projected to happen under President Obama, without this Republican legislation which threatens our tourism and fishing industries and the environment in coastal states with expanded, unsafe drilling.

With this increase in domestic production already occurring, now is our opportunity to enhance drilling safety, not weaken it. We should be making sure that the increase in domestic oil production occurs in a manner that protects workers, coastal communities, and the environment. Yet, more than three years after the BP spill, Congress has yet to enact a single legislative reform to improve the safety of offshore drilling. The successor to the BP Spill Commission recently gave Congress a D-plus on its response to the spill.

The Majority rejected an amendment offered by Public Lands and Environmental Regulation Subcommittee Ranking Member Grijalva (D-AZ) that would have implemented key safety reforms recommended following the Deepwater Horizon disaster such as raising the liability cap and increasing the penalties the Interior Department can levy against oil companies who violate the law. The Majority also rejected an amendment from Representative Lowenthal (D-CA) that would have protected California from new drilling. The Majority also turned away an amendment from Representative DeFazio (D-OR) that would have protected the important fishery of Bristol Bay in Alaska and one from Energy and Mineral Resources Subcommittee Ranking Member Holt (D-NJ) that would have safeguarded the East Coast.

Under President Obama, our dependence on foreign oil has fallen from 57 percent to 36 percent. Democrats will continue to push for policies that increase our energy independence while protecting the environment and the safety of our workers and oppose additional attempts by the Majority to hand new giveaways to the oil industry.

EDWARD J. MARKEY,  
*Ranking Democratic Member.*

NIKI TSONGAS.

RUSH HOLT.

CAROL SHEA-PORTER.

FRANK PALLONE, Jr.

PETER A. DEFazio.

JARED HUFFMAN.

RAÚL M. GRIJALVA.

GRACE F. NAPOLITANO.

MADELEINE Z. BORDALLO.

